

TRANSPORTATION AND HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2009

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

NONDEPARTMENTAL WITNESSES

[CLERK'S NOTE.—The following testimonies were received by the Subcommittee on Transportation and Housing and Urban Development, and Related Agencies for inclusion in the record. The submitted materials relate to the fiscal year 2009 budget request.

The subcommittee requested that public witnesses provide written testimony because, given the Senate schedule and the number of subcommittee hearings with Department witnesses, there was not enough time to schedule hearings for nondepartmental witnesses.]

PREPARED STATEMENT OF THE CITY OF SAN MARCOS, TEXAS

SAN MARCOS MUNICIPAL AIRPORT

Madam Chairman and members of the subcommittee: On behalf of the city of San Marcos, Texas, I am pleased to submit this statement in support of our request for project funding for fiscal year 2009.

The city of San Marcos requests Federal funding for the San Marcos Municipal Airport to accomplish improvements that are in the public interest. The improvements are described in the three specific project components listed below:

	Amount
Northside Infrastructure Development	\$2,021,250
New Terminal Building	4,725,000
Fixed Base Operator (FBO) Facility	1,575,000
Total Request	8,321,250

The San Marcos Municipal Airport is a public general aviation classified as a reliever airport within the National Plan of Integrated Airport Systems. The airport is owned and operated by the city of San Marcos, Texas. It is located just east of Interstate Highway 35 on Texas Highway 21 approximately 30 miles south of Austin and 45 miles north of San Antonio in one of the fastest growing corridors in Texas.

The airport is part of a closed military base; the remainder of the former Air Force Base is occupied by the United States Department of Labor's Gary Job Corps Center. When the base was closed and divided in 1966, the Job Corps retained the portion of the property with the buildings and other amenities, while the city of San Marcos was given the aeronautical facilities consisting of runways, taxiways, and the parking apron.

This arrangement has resulted in a "bare bones" airfield that lacks the support structure to sustain an economically viable modern airport. We have adequate aeronautical facilities and real estate, but few other vital facilities. In addition, current

legislation provides for airport capital improvement funding assistance through the Federal Aviation Administration for aviation infrastructure, but not for the type of improvements that this airport needs.

The city of San Marcos requests assistance to transform the airport into a modern, self-sustaining enterprise benefiting not only the local community, but the region as well. After analysis and master planning, we have determined that the three project components herein described will produce the “biggest bang for the buck.” These components represent our highest priorities and most immediate needs, and they will be a highly visible indicator that the San Marcos Municipal Airport is on the move. We are firmly convinced that these improvements will initiate further development and attract private investment that will far surpass the amount that we are seeking in Federal support.

The following program descriptions outline our three-part request:

North Side Infrastructure Development—\$2,021,250

The layout of the former Gary Air Force Base is such that all the buildings and developed area of the base are to the south of the airfield. When the base was divided between the Gary Job Corps Center and the San Marcos Municipal airport, the airport was given only a thin sliver of land on the south side to provide access and support the airfield. There is not enough room for all the support facilities such as hangars, maintenance shops, and terminal buildings that an active airport requires.

However, on the north side of the airfield is real estate that has never been developed. One prime piece of this area consists of approximately 40 acres of very desirable airport land that fronts Texas Highway 21 and borders an existing taxiway that will become the main taxiway for the entire north side development. Except for the absence of infrastructure, it is the prime location on the airport. The area requires access roads, including a main airport entrance, drainage improvements, aircraft ramps and aprons, existing taxiway pavement reconstruction, and utilities. It also needs a seed project to stimulate private investors to move into the area.

Our plan proposes to construct the infrastructure and then to build approximately 50 nested T-hangars in two or three city-owned buildings. Our planning estimate for the cost to implement this project is \$2,021,250. San Marcos Airport received \$1,575,000 in appropriations funding for fiscal year 2008, leaving \$2,021,250 needed to complete the infrastructure project. We are also convinced that once this north side development ball starts to roll, the future of the new San Marcos Municipal Airport will shift from the current limited and constrained south side to the several hundred acres of prime undeveloped land available on the north side.

New Terminal Building—\$4,725,000

The commercial, economic, and public service hub of a modern airport is the public terminal building. The terminal building provides public amenities such as a waiting room or lounge, airport administration offices and public meeting rooms, restrooms, flight planning facilities and communications links to obtain flight planning information, commercial lease space for on-site businesses such as restaurants, retail shops, rental car facilities, and other aviation-related commercial activities.

An airport's facilities will be the first thing a business traveler will see, and it is those facilities which represent the city of San Marcos. These facilities are sorely lacking in our present airport configuration, and the existing terminal building is undersized to meet existing demand, much less provide room for growth. The planned terminal building planning concept is for a modern, state-of-the-art building of approximately 10,000 square feet first floor and total cost estimated at \$4,725,000. This terminal building will be the seed project to stimulate private investors and other commercial and corporate business to move into the area. Lease payments and other airport fees would offset this investment; and the investment is calculated to be a profitable enterprise for the airport in the long term.

Fixed Base Operator (FBO) Facility—\$1,575,000

For general aviation operations, airport activity centers on the Fixed Base Operator (FBO). This facility is where the transient and airport-based pilots and aircraft operators buy fuel and obtain direct support for their flights. It is also a place where transient and airport-based pilots can arrange to have their aircraft serviced, repaired, and hangared overnight or longer when required.

It is again opportune that the San Marcos Municipal Airport has an established FBO that is capable of accomplishing these vital services if a facility were available for them to lease. We propose that a modern, state-of-the-art FBO facility be constructed to meet the airport's present and future commercial requirements. The approximately 30,000 square foot structure would be primarily hangar space with an attached business, repair shop, and office area. Cost is estimated at \$1,575,000.

Lease payments and other airport fees would offset this investment; and the investment is calculated to be a profitable enterprise for the airport in the long term.

The 1,356 acre San Marcos Municipal Airport is a potential economic dynamo for this region of Central Texas. The three airport improvement components that we are proposing will result in an increase in activity and private investment. This is a good investment of public revenue that will result in more high-paying aviation jobs, an increased tax base, and more direct revenues in the form of airport fees and rents. Our airport will also better serve the aviation needs of the region and spur further growth, development, and prosperity for our citizens. These projects are grounded in sound public policy principles. They will result in excellent value for the American taxpayer and for the traveling public that will utilize the facilities.

Cost-Sharing

The city of San Marcos will contribute real estate on the north side of the airport for the three components of the airport project. The value of the local municipal government in-kind share is estimated at \$832,125. Additionally, our development code will require new developers to share the costs for infrastructure extensions (water lines, waste water lines, roadways, etc.) We estimate this cost share value to be approximately \$1,500,000.

The city of San Marcos sincerely appreciates your consideration of these requests for funding in the fiscal year 2009 cycle and respectfully requests your support.

LOOP 82 RAILROAD OVERPASS PROJECT

On behalf of the city of San Marcos, Texas, I am pleased to submit this statement in support of our request for project funding for fiscal year 2009.

The city of San Marcos requests an appropriation of \$10 million from the Transportation, HUD & Related Agencies Subcommittee to complete the funding for a vitally needed \$25 million railroad overpass on Aquarena Springs Drive (Loop 82), a major State highway in San Marcos, Texas.

Background

San Marcos has 50,371 residents, plus an estimated 13,000 commuting students who are part of our 28,500 student campus at Texas State University, all within the city limits. The city is located in the heart of the Interstate 35 corridor halfway between Austin and San Antonio, Texas.

Aquarena Springs Drive (Loop 82) is a major entryway into San Marcos and the primary access point for Texas State University from Interstate 35. In addition to traffic generated by commuters and residents, Aquarena Springs Drive carries heavy traffic from numerous university housing and large apartment complexes located along this busy thoroughfare. Aquarena Springs Drive averages an estimated 32,000 vehicles per day.

San Marcos has an elevated railroad crossing on only one State highway and 20 at-grade railroad crossings throughout the city. Union Pacific Railroad tracks completely bisect San Marcos, with most crossings located within 1 mile of downtown, including the Aquarena Springs Drive crossing. An average of 47 trains travel through San Marcos every 24 hours. The existing at-grade crossing on Aquarena Springs Drive results in increased risk for automobile/railroad conflicts and significant trip delay.

In February 2005, a freight train transporting hazardous materials derailed in the center of San Marcos near a heavily populated neighborhood about 1.6 miles from Aquarena Springs Drive. While no one was injured and no hazardous materials were spilled, the incident raised the level of concern about the lack of safe passage at railroad crossings along major thoroughfares in San Marcos.

Cost Sharing

The Loop 82 Aquarena Springs Drive overpass project has been approved by the Texas Department of Transportation (TXDOT) and Union Pacific Railroad, and preliminary design has begun. Approximately \$15 million in railroad safety funds have been allocated to this \$25 million project. As of October 2007, design was scheduled to be completed by April 2011, with construction to begin in August 2011.

The city of San Marcos has received voter approval to allocate \$932,800 in tax-supported general obligation bonds as our local share to pay for the realignment of local roadways associated with the railroad overpass. As noted, the Texas Department of Transportation has set aside \$15 million in railroad safety funds for the bridge. However, the recent financial shortfalls at TXDOT have caused the State agency to halt all work on this important project.

Community Safety Issue

The \$10 million shortfall has effectively stopped a project that addresses a critical issue of health, safety and welfare in our community. Loop 82 was identified by the Texas Department of Transportation as the only other State highway on which a railroad overpass can be constructed in San Marcos. In December 2006, the city of San Marcos and TXDOT opened the first railroad overpass on Wonder World Drive (FM 3407) on the south end of San Marcos, a project that took us more than 25 years to achieve.

Design, right-of-way acquisition and construction of a 4-lane railroad overpass on Aquarena Springs Drive (Loop 82) with associated frontage roads will improve railroad safety, traffic safety, mobility and air quality in San Marcos. We believe that it is a matter of safety and community health and welfare to build this overpass and create an unobstructed access to Texas State University and downtown San Marcos.

The city of San Marcos sincerely appreciates your consideration of this request for funding in the fiscal year 2009 cycle and respectfully requests your support.

PREPARED STATEMENT OF THE INSTITUTE OF MAKERS OF EXPLOSIVES

INTEREST OF THE IME

The IME is the safety and security association of the commercial explosives industry. Commercial explosives are transported and used in every State. Additionally, our products are distributed worldwide, while some explosives, like TNT, must be imported because they are not manufactured in the United States. The ability to transport and distribute these products safely and securely is critical to this industry.

BACKGROUND

The production and distribution of hazardous materials is a trillion-dollar industry that employs millions of Americans. While these materials contribute to America's quality of life, unless handled properly, personal injury or death, property damage, and environmental consequences can result. The threat of intentional misuse of these materials also factors into public concern. To protect against these outcomes, the Secretary of Transportation (Secretary) is charged under the Hazardous Materials Transportation Act (HMTA) to "provide adequate protection against the risks to life and property inherent in the transportation of hazardous materials in commerce by improving" regulation and enforcement.¹ The Secretary has delegated the HMTA authorities to various modal administrations, with primary regulatory authority resting in the Pipeline & Hazardous Materials Safety Administration's (PHMSA) Office of Hazardous Materials Safety (OHMS). How OHMS has handled and proposes to handle these responsibilities is the focus of this statement.

FISCAL YEAR 2009 BUDGET REQUEST

Staff and Program Resources

We understand that this is an unusually tight budget year. While OHMS is level funded, it is technically absorbing a \$1.3 million cut from the adjusted fiscal year 2008 base. It is able to sustain those cuts because it has automated some activities, streamlined some regulatory processes, leveraged other agency resources, and made efforts to fully staff up to allowable FTE. At the same time, however, PHMSA leadership has charted an aggressive program of work for OHMS that is risk-based, compliance-oriented, and stakeholder-focused. We believe OHMS is operating at capacity. Any additional cuts would compromise the agency's role to ensure the reliability of commercial hazardous materials transportation.

We are concerned that "over one-third of [OHMS] employees will be eligible to retire within 5 years."² Essential programmatic knowledge may be lost with turnover of this magnitude. We urge Congress to ensure that adequate transition plans are in place.

Regulatory Backlog

This year OHMS has designated four rulemakings as "significant," the same number as last year. However, two from the old list were completed and two new ones

¹ 49 U.S.C. chapter 51.

² Fiscal Year 2009 PHMSA Budget Submission, page 50.

have been opened.³ In addition to these four priority rulemakings, OHMS is assisting the Federal Railroad Administration with a priority rulemaking and working on 17 additional dockets. These rulemakings do not take into account rulemaking petitions, which OHMS has accepted but has not yet assigned to a specific rulemaking action. OHMS has pending 24 such rulemaking petitions.⁴ In addition, OHMS is in the 10th of a 10-year cycle to review the impact of its regulations on small entities pursuant to the Regulatory Flexibility Act (RFA).⁵

Since the enactment of the 2005 HMTA amendments, OHMS' special permit workload has decreased because permits may now be issued for periods up to 4 years, rather than the previous 2 year limitation. Still, OHMS processes nearly 200 special permit requests annually—a commendable effort. However, this does not reveal how timely the special permit workload is handled. OHMS is under a statutory mandate to process special permits within 180 days. Yet last year, “lack of staff resources given other priorities or volume of applications” was the reason given 81 percent of the time that special permit applications were delayed. A helpful workload indicator may be the actual number of special permit requests received, the actual number processed, and of that number, the actual number processed within the statutory 180-day deadline set by Congress.

One aspect of the hazmat regulatory workload that continues to present concern is the processing of petitions for preemption. This activity is managed by the PHMSA Office of Chief Counsel. Six petitions for preemption determinations are currently pending. There has been no change in the status of these petitions during the last year. Neither these, nor any prior petition for preemption, have been processed within the congressionally mandated 180-day turnaround.⁶ PHMSA's ability to swiftly deal with petitions for preemption is essential to the purpose Congress hoped to achieve in granting administrative preemption to DOT, namely that the preemption determination process would be an alternative to litigation.⁷

Hazmat Registration and Fees

We have appreciated the oversight the House and Senate Appropriations Committees have provided to ensure that fee collections have not been spent on activities above authorized amounts. The 2005 amendments to the HMTA nearly doubled the fees to be collected in support of the Emergency Preparedness Grant Program (EPGP), “train-the-trainer” grants for first responders, publication of the Emergency Response Guide, and, for the first time, grants to train hazmat employees. At the same time, the statute requires OHMS to adjust the amount of the fees charged to account for unexpended balances that accrue to the fund. In the past, OHMS failure to adjust fees due to over-collection resulted in litigation.⁸ OHMS finds itself again with a substantial \$18 million over-collection. As a result, OHMS is not proposing to increase hazmat registration fees for the 2008–2009 registration year to cover the increases authorized by the 2005 amendments.⁹ But, we expect a rulemaking to increase fees in fiscal year 2009.

Our concern about over-collection of hazmat fees stems from the statutory provision that allows OHMS to transfer fees “without further appropriation” from the Hazardous Materials Emergency Preparedness Fund (HMEPF).¹⁰ It is important, therefore, that the subcommittee continue to scrutinize the amount of hazmat fees that can be transferred from the HMEPF and to cap transfers at levels the subcommittee believes will be appropriately spent.

OHMS is authorized to assess a separate fee to process registration submissions. Currently, that fee is \$25 per registration. The fiscal year 2009 budget request cuts the amount needed to cover the costs of registration processing from \$1.2 million to \$765,000. OHMS has been able to reduce costs through system automation, bringing the registration program in-house, and by eliminating costly 24/7 emergency registration processing. We fully support the registration program whose purpose is to provide OHMS information on the community it regulates, and have no objection to paying fees for this function.

³ DOT Rulemaking List, Fall 2007. <http://www.reginfo.gov/public/do/eAgendaMain>.

⁴ http://dms.dot.gov/reports/PHMSA_report.cfm, February 13, 2008.

⁵ Public Law 96–354, section 610 as amended.

⁶ 49 U.S.C. 5125(d).

⁷ In authorizing the preemption determination process, Congress found that “the current inconsistency ruling process has failed to provide a satisfactory resolution of preemption issues, thus encouraging delay, litigation, and confusion.” H. Rept. 101–444, part 1, page 21.

⁸ Hazardous Materials Advisory Council, Inc. et al. v. Mineta, No. 02–01331, (D.D.C., filed July 1, 2002).

⁹ The 2005 amendments were enacted too late to appropriate increases to the fiscal year 2006 EPGP. Fiscal year 2007 was funded on a continuing resolution. Fiscal year 2008.

¹⁰ 49 U.S.C. 5116(i).

Thirty percent of the \$13.5 million fee increase provided by the 2005 amendments is earmarked to train trainers of private sector hazmat employees or hazmat employees themselves.¹¹ This program is of questionable benefit because the training provided is limited to that offered by non-profit hazmat employee organizations that are unlikely to be relied upon to provide the specific and specialized training each “hazmat employer” is required by law to provide to address its own unique hazmat environment. Any potential hazmat employee who availed themselves of such training from a third-party non-profit training organization would still have to be trained in his employer’s hazmat operations. The program amounts to double taxation for hazmat employee training. The real issue with private sector training is assessing the quality of the training that is available. Given the millions of dollars in fees industry is already paying to fund other aspects of the EPGP, this program cannot be justified. If fee revenue will be allocated for hazmat employee training, OHMS is proposing some creative options to make the program more palatable. First, OHMS is committed to competitively award the hazmat employee training grants, a good Government decision that should be supported.¹² Second, OHMS is proposing to limit the hazmat employee grant program to \$2 million. With this allotment, OHMS could still train 50,000 employees.¹³ Third, the agency is proposing to redirect \$1.5 million of the remaining fees to fund its authority to establish grants and cooperative agreements.¹⁴ This initiative proposes to create a data repository of training materials developed using EPGP funds. Fourth, OHMS is proposing to develop training competency standards and instructor guidelines and to offer instructor certification as a way to improve the quality of training available to the hazardous materials community.¹⁵

Emergency Planning and Training Grants

The purpose of the Emergency Preparedness Grants Program (EPGP) is to cover the “unfunded” Federal mandate that States develop emergency response plans and to contribute toward the training of emergency responders. Industry has contributed, through hazmat registration fees, nearly \$199 million during the life of the grants program. More accountability is needed in the EPGP and more evidence of coordination among other similar Federal initiatives to ensure that all resources are used as efficiently and effectively as possible. Congress directed OHMS to submit annual reports to Congress on the allocation and uses of the grants, the identity of the ultimate recipients, a detailed accounting of all grant expenditures, as well as an evaluation of the efficacy of the programs carried out.¹⁶ No reports or information have been forthcoming. The subcommittee is best suited to insist on this level of oversight.

As an indication of congressional concern that the LEPC set-aside may not be the best use of the new \$9 million fee increase in the EPGP, the 2005 HMTA amendments provide OHMS discretion to limit or deny new funding. Yet, OHMS has not exercised this discretionary authority, nor does it describe any sort of analysis that would justify ignoring this funding opportunity. OHMS should be asked to prioritize the needs and value of the planning and training portions of the EPGP to the safety and security of hazardous materials transportation. The subcommittee should use this information to redirect the new \$9 million allocation up to the maximum extent allowed.

While the law provides that OHMS can expend industry’s hazmat registration fees for the EPGP “without further appropriation,” we would encourage the subcommittee to exercise its oversight to address programmatic issues and concerns before handing over a blank check. The subcommittee has established congressional precedent in this area, setting caps on the amount of the fees that may be expended for the EPGP.

¹¹ 49 U.S.C. 5107(e) & 5128(c).

¹² Fiscal Year 2009 PHMSA Budget Submission, page 129.

¹³ OHMS estimates that training will cost \$40.00/employee. OHMS estimates that only 25,000 will be trained. However, $2,000,000 \div 40 = 50,000$. See fiscal year 2009 PHMSA Budget Submission, page 52.

¹⁴ 49 U.S.C. 5121(g). Fiscal year 2009 PHMSA Budget Submission, page 131. These grant funds are in addition and not to be confused with the \$1.25 million OHMS receives from the Federal highway trust fund to support research projects identified by the National Academy of Sciences. See. Public Law 109–59, sec. 7131, and fiscal year 2009 PHMSA Budget Submission, page 43.

¹⁵ Fiscal Year 2009 PHMSA Budget Submission, page 42.

¹⁶ 49 U.S.C. 5116(k).

Program Priorities

OHMS lays out an aggressive array of priorities for the fiscal year 2009 funding request. In particular, we are particularly pleased to see plans to charter a Hazardous Materials Technical Advisory Committee (HMTAC). The HMTAC would be modeled after successful advisory committees currently serving the Federal Motor Carrier Administration and the Federal Railroad Administration, with representation from the regulated community, State and local government and the public sector.¹⁷ Likewise, we support several training initiatives OHMS outlines to address the needs of the agency for a skilled workforce, to improve the competency of Federal and State hazmat investigators, and to promote professionalism throughout the regulated community.¹⁸ We are particularly enthused by OHMS' proposal to develop curriculum for the regulated community and to establish an exclusive authority to certify hazmat professionals.

OHMS also proposes to establish an Integrity Management Program.¹⁹ This type of initiative is a hallmark of the pipeline regulatory program. However, we are approaching this initiative for the hazmat community with a degree of caution. The hazmat community is so diverse that relatively few entities have systemwide control of a hazmat shipment. Typically, a hazmat shipment will involve multiple offerors and carriers as a package transits from the manufacturer to the end user. OHMS has suggested that some form of regulatory relief will be the reward of those that employ a IMP approach. However, the one factor that underpins the undisputed success of the Federal regulatory program is the very uniformity of its requirements. It remains to be seen how IMP relief will translate into a regulatory environment dependent on uniformity to function safely and efficiently.

CONCLUSION

The transport of hazardous materials is a multi-billion dollar industry that employs millions of Americans. This commerce has been accomplished with a remarkable degree of safety, in large part, because of the uniform regulatory framework authorized and demanded by the HMTA. Within the Federal Government, OHMS is the competent authority for matters concerning the transportation of these materials. Finally, we note that OHMS intends to kick-off a number of innovative initiatives with a flat-lined budget and in the face of unprecedented staff turnover, largely due to retirements. We, therefore, strongly recommend full funding for OHMS.

PREPARED STATEMENT OF THE CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY, AUSTIN, TEXAS

Mr. Chairman and members of the subcommittee: On behalf of the Capital Metropolitan Transportation Authority in Austin, Texas, I am pleased to submit this statement for the record in support of our fiscal year 2009 funding requests from the Federal Transit Administration and the Federal Highway Administration for Capital Metro—the transportation provider for Central Texas. I hope you will agree that the appropriating of funds for these Central Texas projects warrants serious consideration as Austin and the surrounding Texas communities plan for our region's growing transportation needs.

First, let me thank you for your past financial support for transportation projects in Central Texas. Your support has proven valuable to Capital Metro and to our Central Texas community as we face new challenges.

As you know, Interstate 35 runs from Canada to Mexico, and along the way it also runs through the city of Austin and Capital Metro's 600 square mile service area. While traffic in this important corridor has always been a challenge, the North American Free Trade Agreement has resulted in increased traffic and congestion for our region. In fact, a 2002 study by the Texas Transportation Institute determined Austin, Texas to be the 16th most-congested city nationwide.

Also, Central Texas' air quality has reached near non-attainment levels. Together, our community has developed a Clean AirForce, of which Capital Metro is a partner, to implement cooperative strategies and programs for improving our air quality. Capital Metro has also unilaterally implemented several initiatives such as converting its fleet to clean-burning Ultra Low Sulfur Diesel (ULSD), becoming the first transportation authority in Texas to introduce environmentally-friendly hybrid-electric buses, and creating a GREENRide program to carpool Central Texas workers in low emission hybrid gas/electric automobiles.

¹⁷ Fiscal Year 2009 PHMSA Budget Submission, page 47.

¹⁸ Fiscal Year 2009 PHMSA Budget Submission, page 50.

¹⁹ Fiscal Year 2009 PHMSA Budget Submission, page 49.

To address these transportation and air quality challenges as well as our region's growing population, in 2004 Capital Metro conducted an extensive community outreach program to develop the All Systems Go Long-Range Transit Plan. This 25-year transportation plan for Central Texas was created by Capital Metro, transportation planners, and local citizens. More than 8,000 citizens participated in the design of the program that will bring commuter rail and rapid bus technologies to Central Texas. The plan will also double Capital Metro's bus services over the next 25 years.

By a vote of over 62 percent, this long-range transportation plan was adopted by the Central Texas community in a public referendum on November 2, 2004. The plan received bipartisan support, along with endorsements from the business community, environmental organizations, neighborhood associations, and our community leaders.

An important component of the All Systems Go Long Range Transit Plan is the creation of an urban commuter rail line along a 32-mile long freight rail line currently owned and operated by Capital Metro. The proposed starter route would provide urban commuter rail service extending from downtown Austin (near the Convention Center) through East and Northwest Austin and on to Leander. This project was entirely financed with local funds and will open in late 2008.

To implement the community's All Systems Go Transit Plan, Capital Metro is seeking \$10 million for fiscal year 2009 for three projects of importance to our Central Texas community. Each of the three projects is contained in the community-designed All Systems Go Long Range Transit Plan, and each will be funded by Capital Metro with a significant overmatch of local funds.

ENHANCEMENT AND IMPROVEMENT OF BUSES AND BUS FACILITIES—\$5 MILLION

Capital Metro has embarked on a long term plan to improve and expand bus service. In addition to improving bus routes, the agency is investing in critical park and ride facilities, transit centers and enhanced bus stop locations and amenities. As Capital Metro's service area and the population we serve continue to grow, we will continue to enhance our system and facilities while addressing traffic congestion and air quality concerns. In the next 3 years, Capital Metro has planned to invest nearly \$300 million in capital projects to better serve our growing population. Capital Metro seeks \$5 million from the appropriations process for these improvements and expansions of our bus service and facilities.

HIKE AND BIKE TRAIL—\$3 MILLION

During Capital Metro's 2004 All Systems Go open houses, workshops and briefings, the Central Texas community encouraged Capital Metro to begin planning for bike and pedestrian trails along rail lines. Capital Metro has coordinated local efforts to plan for pedestrian and bicycle trails along several rail corridors in Capital Metro's service area.

Capital Metro is seeking \$3 million for its planned pedestrian and bicycle trail located in the right of way of its 32-mile Urban Commuter Rail line from Austin to Leander.

PARATRANSIT SERVICE VEHICLES—\$2 MILLION

Pursuant to, and in accordance with, the Americans with Disabilities Act, Capital Metro provides door-to-door van and sedan paratransit service throughout Central Texas for persons with disabilities and senior citizens. This \$11.7 million fiscal year 2008 program provides more than 500,000 rides each year. Capital Metro will be replacing many of the vans and sedans that serve this program, as they are retired during fiscal year 2009. This crucial funding will assist Capital Metro in ensuring the accessibility of transportation services for all Central Texans.

I look forward to working with the Committee in order to demonstrate the necessity of these projects. Your consideration and attention are greatly appreciated.

PREPARED STATEMENT OF THE NATIONAL ASSOCIATION OF REALTORS®

THE FEDERAL HOUSING ADMINISTRATION'S ROLE IN ADDRESSING THE HOUSING CRISIS

The mortgage crisis continues to grow—homeowners continue to face foreclosure, and housing markets are in turmoil. For all these reasons, I and the 1.3 million members of the National Association of REALTORS® thank you for holding this hearing on "The Federal Housing Administration's Role in Addressing the Housing Crisis."

In 1934 the Federal Housing Administration was established to provide consumers an alternative during a similar lending crisis. FHA served as the foundation for our housing market, which has served our citizens and our economy well for more than 70 years.

However, as private mortgage markets evolved, FHA remained stagnant. Because FHA was unable to serve its core constituency, other mortgage providers stepped in to fill the gap. Without another alternative, many homebuyers were lured into these more exotic mortgage options, which fueled our current crisis. Even after all of this evidence, the need for a viable FHA remains unmet. Despite the best efforts of you and others, FHA reform has yet to be achieved.

We urge you and your colleagues in the Senate to continue to work towards FHA reform. Permanent, realistic increases in the FHA loan limits; lowered FHA down-payment requirements; and new opportunities for condominium purchases are needed to create safe and affordable mortgage options for homebuyers and those wishing to refinance. These changes will also provide much needed stability to our local housing markets and economies.

We also believe that the FHASecure program has been, and can continue to be a valuable tool for homeowners in crisis. This program, introduced in September 2007, gives credit-worthy homeowners who were making timely mortgage payments but are now in default, a second chance with a FHA insured loan product. We believe enhancements to this program can help an even greater number of borrowers without negatively impacting the sovereignty of the FHA insurance fund.

As you know, through FHASecure, lenders and homeowners may refinance mortgages that, due to the increased mortgage payment following the interest rate reset have become delinquent. However, in many cases, subprime borrowers are becoming delinquent for reasons other than an interest rate reset meaning a rate reduction alone will not help borrowers avoid default or foreclosure.

Specifically, we believe that where prudent, FHA should modify underwriting criteria in return for a lower loan-to-value ratio thereby assuring the lenders share risk. Changes include:

- Permit late payments on fixed-rate and on conventional adjustable-rate mortgages without regard to interest rate reset or higher DTI ratios.
- Create a sliding scale whereby the number of late payments allowed for qualification is dependent on the LTV ratio. For example, LTV = 90 percent, with several late payments = 80 percent LTV.
- Permit second mortgage with CLTV treatment like FHASecure.

A borrower would only be permitted to utilize one of the program changes mentioned above for their mortgage. Loans that qualify for FHASecure under these changes could be placed into a special risk insurance fund to further protect FHA.

We submitted these recommendations to HUD on February 15, for their consideration. Based upon testimony given by the FHA Commissioner on April 9, 2008 before the House Financial Services Committee, we are hopeful that these changes will be implemented. The enhancements proposed will allow a greater number of borrowers to avoid foreclosure and reduce their burden of debt. Risk to FHA will continue to be mitigated by traditional FHA underwriting standards beyond the recommended enhancements to the FHASecure Program.

The National Association of REALTORS® thanks you for your efforts to help stem the housing crisis. Congress must act expeditiously to help our Nation's homeowners, communities, and local economies recover. We applaud your efforts and stand ready to work with you on solutions.

PREPARED STATEMENT OF THE UNIVERSITY CORPORATION FOR ATMOSPHERIC
RESEARCH (UCAR)

On behalf of the University Corporation for Atmospheric Research (UCAR) and the university community involved in weather and climate research and related education, training and support activities, I submit this written testimony for the record of the Senate Committee on Appropriations, Subcommittee on Transportation and Housing and Urban Development, and Related Agencies.

UCAR is a consortium of 71 universities that manages and operates the National Center for Atmospheric Research (NCAR) and additional research, education, training, and research applications programs in the atmospheric and related sciences. The UCAR mission is to serve and provide leadership to the atmospheric sciences and related communities through research, computing and observational facilities, and education programs that contribute to betterment of life on Earth. In addition to its member universities, UCAR has formal relationships with over 100 additional undergraduate and graduate schools including several historically black and minor-

ity-serving institutions, and 40 international universities and laboratories. UCAR is supported by the National Science Foundation (NSF) and other Federal agencies including the Federal Highway Administration (FHWA), and the Federal Aviation Administration (FAA). I would like to comment on the fiscal year 2009 budgets for these agencies.

THE FEDERAL HIGHWAY ADMINISTRATION

The fiscal year 2009 budget request for the FHWA should support the administration's and the country's commitment to a safe, efficient, and modern surface transportation system. Weather research and intelligent transportation system (ITS) technology significantly contributes to this commitment. According to the National Academy of Sciences, adverse weather conditions obviously reduce roadway safety, capacity and efficiency, and are often the catalyst for triggering congestion. In the United States each year, approximately 7,000 highway deaths and 450,000 injuries are associated with poor weather-related driving conditions. This means that weather plays a role in approximately 28 percent of all crashes and accounts for 19 percent of all highway fatalities.

Road Weather Research and Development Program—Request: \$3.3 Million

Bad weather contributes to 15 percent of the Nation's congestion problems; the economic toll of weather-related deaths, injuries and delays is estimated at \$42 billion per year. The Road Weather Research and Development Program (section 5308 in the SAFETEA-LU authorization bill) funds the collaborative work of surface transportation weather researchers and stakeholders. This work is potentially life saving for the users of the national surface transportation system. Much has been accomplished already in understanding and developing decision support systems to address the impact of poor weather on the surface transportation system including congestion. For example, State Departments of Transportation (DOTs) have already benefitted from the development and implementation of real world decision support solutions, including the Winter Maintenance Decision Support System which has been successfully demonstrated by 23 State DOTs, and the Clarus System, a research and development initiative to demonstrate and evaluate the value of integrating and processing data from State DOT weather observation systems across the Nation. However, additional resources are required to develop technologies that will support improvements in traffic and emergency management to develop, test, and implement solutions nationally that will reduce congestion and save lives.

A fully funded Road Weather Research and Development Program could support such activities as developing technologies that would integrate weather and road condition information in traffic management centers, improved understanding of driver behavior in poor weather, developing in-vehicle information systems and wireless technologies that provide warnings to drivers when poor weather and road conditions exist, improving the understanding of the impact of weather on pavement condition, and developing new active control strategies (e.g., signal timing and ramp metering) optimized for poor weather and road conditions.

SAFETEA-LU (section 5308) contains language that established the Road Weather Research and Development Program within the FHWA ITS Research and Development Program, with annual authorized funding at \$5.0 million (significantly less than the National Research Council's recommendation of \$25.0 million). This road weather research program is well supported by numerous organizations including the American Association of State Highway and Transportation Officials (AASHTO), the Intelligent Transportation Society of America (ITSA), the Transportation Research Board (TRB), the National Research Council (NRC), State Departments of Transportation (DOTs), numerous commercial weather service companies, and the American Meteorological Society (AMS). Improved safety, capacity, efficiency and mobility, of the national roadway system will benefit the general public, commercial trucking industry, State DOT traffic, incident and emergency managers, operators and maintenance personnel. Environmental benefits will be realized due to improved efficiency in the use of anti-icing and deicing chemicals for winter maintenance, reduced congestion, and improved mobility. I urge the subcommittee to fund the Road Weather Research and Development Program at the authorized level of \$5.0 million, at a minimum, in fiscal year 2009.

FEDERAL AVIATION ADMINISTRATION (FAA)

Fliers nationwide are stuck in an air traffic jam. Famous for delays, Chicago, New York, and most recently, Newark airports, have all reached travel capacity, forcing them to reduce the number of flights in and out. To make matters worse, it is estimated that by 2025 U.S. air transportation will increase two to three times. Today's

existing air traffic control system will not be able to manage this staggering growth rate. Fortunately, the Federal Government has proactively responded by undertaking an unprecedented initiative: the Next Generation Air Transportation System (NextGen). While a joint effort involving a number of agencies, the FAA has taken the lead by developing a budget that truly supports developing and implementing NextGen. The FAA accounts mentioned in this testimony all support the much-needed transformation of the National Airspace System.

RESEARCH AND ENGINEERING DEVELOPMENT ACCOUNT (RE&D)

The following programs can be found within the RE&D section of the fiscal year 2009 FAA budget request.

Weather Program—Request: \$16.9 Million

According to the FAA, 70 percent of flight delays are caused by weather. A key area for NextGen is using advanced forecasting techniques and shared information among all system users—dispatchers, pilots and controllers. FAA's Weather Program is a research program focused on improved forecasts of atmospheric hazards such as turbulence, icing, thunderstorms and restricted visibility. Improved forecasts enhance flight safety, reduce air traffic controller and pilot workload, and enable better flight planning and productivity. The request of \$16.9 million, however, is essentially flat; in real terms, it is down. To truly reduce delays associated with weather, it is essential this program be provided at least \$20 million. Enhanced research and improved technologies will result in longer forecast lead times, increased accuracy and ultimately, more efficiency and safer skies. Two years ago, the request for the Weather Program was \$19.5 million, but has declined since. I urge the subcommittee to support the goals of NextGen and provide the Weather Program \$20.0 million, at a minimum, in fiscal year 2009.

Weather Technology in the Cockpit—Request: \$8 Million

Weather, according to the FAA, is more than twice as likely to cause general aviation fatalities as any other factor and is also the largest cause of general aviation fatalities in the United States, equating to 200 deaths annually. Weather uplinks in the cockpit, when combined with a thorough preview of the weather during pre-flight planning and other cockpit weather avionics, will help ensure that general aviation pilots increase awareness and reduce accidents. Weather Technology in the Cockpit, a new and innovative program, will provide a common weather picture to pilots, controllers, and users, and will expedite flight planning and decisionmaking. "Cockpit weather" applied research will focus on hardware and software standards, integrate weather information, and prototype forecasting products for the flight deck. I urge you to support the fiscal year 2009 request of \$8 million, which will revolutionize the way pilots and controllers receive and use weather information in real-time.

Joint Planning and Development Office (JPDO)—Request: \$20 Million

The multi-agency Joint Planning and Development Office (JPDO) has accomplished much since its inception 5 years ago. The JPDO has a challenging mandate: to coordinate and manage six agencies focused on bringing NextGen online by 2025. It has completed its integrated work plan on how NextGen will improve safety, security, mobility, efficiency, and capacity to transform the Nation's air transportation system. Recently, the Secretary of Transportation tasked the JPDO to develop an action plan that would accelerate implementation of NextGen. The plan will address constraints and opportunities in both the near- and mid-term. After the action plan is approved, the intent is for the partner departments and agencies to start immediate implementation. In order to move forward with this directive, I urge the subcommittee to fund the Joint Planning and Development Office at the fiscal year 2009 request of \$20 million.

Wake Turbulence—Request: \$10.1 Million

Aircraft in flight create wake turbulence, dangerous swirling air masses that trail from aircraft wingtips. Better detection and forecasting of wake turbulence is a key element in the FAA's safety program. Research results and technologies derived from the Wake Turbulence program will allow airports and airlines to operate more efficiently, increasing capacity and safety, by providing a better understanding of this phenomenon. I urge the subcommittee to support the fiscal year 2009 request of \$10.1 million for the wake turbulence program.

Atmospheric Hazards/Digital System Safety—Request: \$4.8 Million

The Atmospheric Hazards/Digital System Safety Research Program focuses on reducing the number of accidents or potential accidents associated with aircraft icing.

The program promises to develop and test technologies that detect icing, predict anti-icing fluid failure, and ensure safe operations both during and after flight in icing conditions. To prevent the number and severity of icing-associated accidents, I urge you to support the fiscal year 2009 request of \$4.8 million for this life-saving program.

WITHIN FAA'S AIR TRAFFIC ORGANIZATION—CAPITAL PROGRAMS, I WOULD ASK THAT
YOU PAY PARTICULAR ATTENTION TO THE FOLLOWING CRITICAL PROGRAMS

*NextGen Network Enabled Weather (NNEW) and Reduced Weather Impact Request:
NNEW: \$20 Million Reduced Weather Impact: \$14.4 million*

The current weather dissemination system is inefficient to operate and maintain. Information gathered by one system is not easily shared with other systems. This leads to redundant and inconsistent information, and in many cases information not being universally available or used leading ultimately to suboptimal decisions. The complementary goals of NNEW and RWI are to integrate tens of thousands of global weather observations and sensor reports from ground-, airborne-, and space-based sources into a single national (eventually global) weather information system, constantly updated as needed. This integration will be enabled by system-wide availability of observational and forecast weather information to all NextGen users, service providers, military planners, security personnel, and the flying public. The key word is "information." No longer will it be necessary to manually gather and integrate diverse weather data to realize a coherent picture of the weather situation—that will be accomplished with automation assistance prior to dissemination to interested parties. This will enable "common situational awareness" of the weather, and rapid dissemination of any changes.

The request of \$20 million for NNEW is significantly more than the fiscal year 2008 enacted level of \$7 million, which illustrates the FAA's commitment to NextGen. Because NextGen Network Enabled Weather and the Reduced Weather Impact Program are directly aligned with the goals of a flexible, safe, efficient air traffic system, I urge you to support the fiscal year 2009 request of \$20 million for NNEW and \$14.4 million for Reduced Weather Impact.

Wind Profiling and Weather Research-Juneau—Request: \$1.1 Million

In the late 1990s, after two 737s encountered severe turbulence during departure from the Juneau Airport, the FAA mandated a system be developed to provide high-wind alerts to pilots at the airport. The Wind Profiling and Weather Research-Juneau program supports the design and development of the Juneau Airport Wind System (JAWS), an operational system designed to detect and warn of wind and airport turbulence hazards. This will result in reduced severe delays and flight cancellations. The fiscal year 2009 request of \$1.1 million, however, is a dramatic cut, which is extremely disruptive to the research program. In order to complete the work of developing this turbulence alerting system, I urge the subcommittee to support the fiscal year 2008 enacted level of \$4.0 million for Wind Profiling and Weather Research-Juneau.

On behalf of UCAR, as well as all U.S. citizens who use the surface and air transportation systems, I want to thank the subcommittee for the important work you do that supports the country's scientific research, training, and technology transfer. We understand and appreciate that the Nation is undergoing significant budget pressures at this time, but a strong Nation in the future depends on the investments we make in research and development today. We appreciate your attention to the recommendations of our community concerning the fiscal year 2009 FHWA and FAA budgets and your concern for safety within the Nation's transportation systems.

PREPARED STATEMENT OF THE COALITION OF NORTHEASTERN GOVERNORS

The Coalition of Northeastern Governors (CONEG) is pleased to share with the Subcommittee on Transportation, Housing and Urban Development, and Related Agencies this testimony on fiscal year 2009 appropriations for transportation and community development programs. The CONEG Governors appreciate the subcommittee's longstanding support of funding for the Nation's highway, transit, and rail systems and critical community development programs. We understand the particularly difficult fiscal challenges and complex, interlocking issues that the subcommittee faces in crafting this appropriations measure. We urge the subcommittee to continue the strong Federal partnership so vital for a national, integrated, multi-modal transportation system. This network underpins the competitiveness of the Nation's economy, broadens employment opportunities, and contributes to the effi-

cient, safe, environmentally sound, and energy smart movement of people and goods.

TRANSPORTATION

Surface Transportation

The Governors recognize the impending shortfall in the Highway Trust Fund and the still-uncertain outcome of proposed short-term solutions. However, we urge the subcommittee to fund the combined highway, public transit, and safety programs at the fiscal year 2009 levels authorized in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). This level of Federal investment is necessary to sustain the progress made under SAFETEA-LU to improve the condition and safety of the Nation's highways, bridges, and transit systems.

Continued and substantial Federal investment in these infrastructure improvements—in urban, suburban, exurban, and rural areas—is necessary to safely and efficiently move people and products and support the substantial growth in freight movement projected in the coming decades. A significant increase in public investment is needed to keep America competitive in a global economy. According to the majority report of the National Surface Transportation Policy and Revenue Study Commission, at least \$225 billion annually is needed from all sources—public (Federal, State and local) and private—for the next 50 years to upgrade the existing infrastructure system to a state of good repair and to create the advanced system that can sustain and ensure strong economic growth nationwide.

Specifically, the CONEG Governors urge the subcommittee to:

- support a Federal aid highway obligation limit at the authorized level of \$41.2 billion; and
- fund public transit at the authorized funding level of \$10.3 billion, including full funding for Formula and Bus Grants, the Capital Investment Grants, and the Small Starts Programs.

The Governors also urge the subcommittee to fund the Transit Security Grant program at the full \$750 million as authorized in Public Law 110-53 (Implementing Recommendations of the 9/11 Commission Act of 2007). This critically needed funding makes the Federal Government a partner with State and local governments and public transportation authorities in enhancing the security of the Nation's public transportation systems and their tens of millions of riders.

While recognizing the difficult decisions facing the Congress, the Governors are also concerned about several techniques—actual or proposed—to manage the Highway Trust Fund and appropriations outlays. For example, the recent practice of mandating how to rescind unobligated highway funding is now cutting into the States' ability to make planned investments and deliver much needed transportation improvements.

The Governors also oppose the administration's proposal to cover the projected shortfall in the Highway Account of the Highway Trust Fund by transferring \$3.2 billion from the Mass Transit Account to the Highway Account. This proposal would jeopardize the future of public transportation funding while sidestepping the underlying problem facing the Highway Account. A more appropriate short-term solution is timely action on the proposals to secure additional revenues to the Highway Account contained in title II of the American Infrastructure Investment and Improvement Act of 2007 (S. 2345) currently pending in the Senate.

Rail

Rising fuel prices and congested highways and airways make intercity passenger rail an ever more vital component of a national, balanced transportation system. Increasing market demand for intercity passenger rail travel is creating unique opportunities for growth in Amtrak's revenue. Amtrak's ability to respond to these opportunities requires substantial and on-going maintenance and "state of good repair" capital investments essential for the reliable, on-time service that attracts and retains ridership.

The Governors request that the subcommittee provide \$1.78 billion in fiscal year 2009 Federal funding for Amtrak, with specific funding levels provided for operations, capital, and debt service. We recognize that Amtrak faces a one-time need for additional funding in fiscal year 2009 to meet its legal obligations for "back pay" as part of the Presidential Emergency Board recommendations, which are close to final ratification.

A funding level of \$801.4 million in fiscal year 2009 for capital improvements is critically needed for the "state of good repair" improvements to aging infrastructure and equipment. These capital investments are vital to Amtrak's ability to deliver

efficient, reliable, quality service nation-wide. We particularly encourage the subcommittee to ensure that Amtrak can continue bridge repair projects underway on the Northeast Corridor, as well as the system-wide security upgrades and the life-safety work in the New York, Baltimore, and Washington, DC tunnels as authorized under Public Law 110–53 (sections 1514 and 1515).

The Governors recognize that the subcommittee has initiated internal Amtrak reforms while intercity passenger rail authorization legislation is pending. We welcome the subcommittee's consistent commitment to continued transparency and accountability in Amtrak's financial and data systems, and to meaningful collaboration in its dealings with State partners. This guidance, including the requirement that Amtrak consult with its State partners and report to the Congress on the results of those discussions, has set the stage for productive coordination and information-sharing, particularly on the future of the Northeast Corridor Network.

The CONEG Governors appreciate the subcommittee's leadership in creating and providing initial funding for the State Intercity Passenger Rail Grant Program. This program provides an important foundation for a vibrant Federal-State partnership that will bring expanded, enhanced intercity passenger rail service to corridors across the Nation. We urge the subcommittee to provide the requested \$100 million for this program, and to ensure that 10 percent is directed to corridor development planning and that an additional 5 percent to essential education and outreach initiatives.

A number of other national rail programs are important components of the evolving Federal-State-private sector partnerships to enhance passenger and freight rail across the country. We encourage the subcommittee to provide funding for the Rail Relocation Program, the Swift High Speed Rail Development Program, the Next Generation High Speed Rail program, and the Nationwide Differential Global Position System effort—all of which benefit passenger rail and freight rail systems. In addition, initial funding for the Advanced Technology Locomotive Grant Pilot Program, created in section 1111 of the Energy Independence and Security Act of 2007, would be an important first step to assist the railroads and State and local governments in a transition to energy-efficient and environmentally friendly locomotives for freight and passenger railroad systems.

The CONEG Governors also support a modest increase in funding for the Surface Transportation Board (STB) above the overall \$26.3 million provided in fiscal year 2008. This funding level will allow the STB to provide critical oversight as the Nation's rail system assumes increasing importance for the timely, efficient, and environmentally sound movement of people and goods across the Nation.

COMMUNITY DEVELOPMENT

The CONEG Governors urge the subcommittee to provide at least \$4.1 billion for the Community Development Block Grant (CDBG) program. The CDBG program enables States to provide funding for infrastructure improvement, housing programs, and projects that attract businesses to urban, suburban, exurban, and rural areas, creating new jobs and spurring economic development, growth and recovery in the Nation's low income and rural communities.

The CONEG Governors thank the entire subcommittee for the opportunity to share these priorities and appreciate your consideration of these requests.

PREPARED STATEMENT OF THE NATIONAL CONGRESS OF AMERICAN INDIANS

On behalf of the National Congress of American Indians, we are pleased to present testimony on the administration's fiscal year 2009 budget request for transportation and housing programs. We look forward to working with this subcommittee to ensure that the critical programs and initiatives funded are at levels which will ensure their long term effectiveness.

BACKGROUND

Housing

A successful start in life depends on safe, quality and affordable housing, which helps to prevent and alleviate other physical and social problems from occurring, including lack of educational achievement and poor health. These types of problems make it difficult to obtain and maintain employment, creating further economic hardship for Indian families. The Native American Housing and Self-Determination Act (NAHASDA) allowed tribes to be more resourceful in creating homes for their members. NAHASDA modernize how Native American housing funds are provided by recognizing tribes' authority to make their own business decisions. Tribes have

been able to increase capacity housing and improve infrastructure conditions in Indian Country. However, housing need continue to rise as do the maintenance needs of Housing and Urban Development (HUD) homes.

Because of NAHASDA, tribes are better able to address the needs of their communities. In 1995, 20 percent of tribal residents lacked complete plumbing. This number was reduced to 11.7 percent by 2000, although it is still far higher than the 1.2 percent for the general population. In 2000, 14.7 percent of tribal homes were overcrowded, a drop from 32.5 percent in 1990. Despite improvements, severe conditions still remain in some tribal homes, with as many as 25–30 people living in houses with as few as three bedrooms. Native Americans are also becoming homeowners at an increasing rate, 39 percent more from 1997 to 2001. Fannie Mae's investment in mortgages increased exponentially, from \$30 million in 1997 to more than \$640 million in the most recent 5 year period.

Although tribes have the desire and potential to make headway in alleviating the dire housing and infrastructure needs of their communities, tribes' housing needs remain disproportionately high and disproportionately underfunded. Due to funding levels and population growth tribal housing entities are only able to maintain the status quo.

Transportation

The nearly 56,000 mile system of Indian Reservation Roads (IRR) is the most underdeveloped road network in the Nation¹—yet it is the primary transportation system for all residents of and visitors to American Indian and Alaska Native communities. Over two-thirds of the roads on the system are unimproved dirt or gravel roads, and less than 12 percent of IRR roads are rated as good.² The condition of IRR bridges is equally troubling. Over 25 percent of bridges on the system are structurally deficient.³

Building a transportation system that allows for safe travel and promotes economic expansion will help us strengthen our tribal communities while at the same time making valuable contributions to much of rural America. Surface transportation in Indian Country involves thousands of miles of roads, bridges, and highways. It connects and serves both tribal and non-tribal communities.

Tribal communities share much the same obstacles as rural communities in addressing how to improve transportation needs. NCAI has diligently worked with tribal governments to find solutions for improving the transportation infrastructure of Indian Country. Tribes are pro-active in this effort through the legislative process, by building partnerships with other entities, and by generating revenue to assist in financing their transportation projects.

Even though great strides have been made, there is still a tremendous need to address the terrible conditions of surface transportation on tribal land. These conditions significantly impact the daily lives of tribal members and the entire governments of tribal nations. Tribal communities as well as rural America require a proper infrastructure if they are both to become thriving hubs of economic growth and opportunity.

Economic development cannot occur without a solid foundational infrastructure that must involve adequate surface transportation. Improving transportation systems sets the stage for economic development. Connecting people within tribal communities and to the areas and communities that surround Indian Country is vital for business, industry, and labor. Sustaining both the tribal communities and surrounding communities through viable surface transportation systems improves the lives of all involved.

Another important reason for improving transportation systems is to enhance public safety. Insufficient transportation systems increase the risk factor for law enforcement and emergency personnel in responding to emergency situations. The fatality rate on roads on the Indian Reservation Road (IRR) System has the highest national average. Inadequate roads are a major contributor to vehicle crashes. These emergencies cost tribes millions of dollars each year in lost productivity, property damage, higher insurance premiums, medical and rehabilitative treatment. And that still does not factor in the human suffering of victims and their families. The poor condition of many tribal roads and bridges jeopardizes the health, safety, security and economic well-being of our tribal members. This environment creates dangerous and deadly situations for all who drive within Indian Country.

¹Bureau of Indian Affairs, *Transportation Serving Native American Lands: TEA-21 Reauthorization Resource Paper* (2003).

²Id.

³Id.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The President proposed increased funding for the Indian homeownership program; however he proposed decreases in other Indian programs in the HUD. The section 184: Indian Housing Loan Guarantee Program, \$420 million for fiscal year 2009, is an increase of over \$53 million over the enacted fiscal year 2008 amount. This increase is to promote homeownership and to address the lack of mortgage capital on tribal lands. The President's request for fiscal year 2009 proposes the amount of \$627 million for the Native American Housing Block Grant, an amount similar to his request for fiscal year 2008. In addition, the President's budget for fiscal year 2009 requests \$57 million for the Indian Community Development Block Grant, a decrease of \$5 million from the enacted fiscal year 2008 amount.

Native American Housing Block Grant.—The President's request for fiscal year 2009 proposes the amount of \$627 million for the Indian Housing Block Grant.

—NCAI recommends \$750 million, which would maintain funding at the fiscal year 2002 level adjusted for inflation.

Indian Community Development Block Grant.—These funds are dedicated to improve not only housing but the overall economy and community development of tribal communities. Community development includes a variety of commercial, industrial and agricultural projects.

—This budget area has faced numerous and devastating reductions over the last few years and its funding needs to be increased to a more realistic level of \$77 million.

Section 184 Program.—Created in 1992, the section 184 program provides 100 percent reimbursement to private lenders in case of default. Tribes have been successful in participating in this program with little to no defaults. Under section 184, tribes or tribal members can purchase an existing home or obtain single-close construction loans for a stick-built or a manufactured home on a permanent foundation, rehabilitation loans or a purchase and rehabilitation loan. This underutilized program continues to grow as TDHEs expand their housing programs beyond low-income programs, tailoring them to meet the needs of their people.

—NCAI recommends \$420 million for section 184.

DEPARTMENT OF TRANSPORTATION

Federal-aid Highway Program.—The President proposed essentially flat funding for Indian programs in the Department of Transportation. The President has proposed for the Federal-aid Highway Program \$39.6 million, a slight increase from the \$39,585,000 for enacted fiscal year 2008. Indian tribes receive funding under the Federal Lands Highway Program (FLHP), which improves the access to and within Federal lands such as Indian reservations.

—NCAI recommends the authorized amount of \$450 million for Indian Reservation Road Programs.

Pipeline and Hazardous Materials Safety Administration-Emergency Preparedness Grant.—The Pipeline and Hazardous Materials Safety Administration provides funding to Indian tribes, States, and local governments under their program. This program primarily focuses on reducing serious hazardous materials and pipeline transportation. This agency provides training and planning grants to Indian tribes to improve hazardous materials emergency preparedness. The funding request for fiscal year 2009 is leveled for this program in the amount of \$28 million.

—NCAI recommends the \$28 million for the Emergency Preparedness Grant.

Highway Traffic Safety Grant.—The National Highway Traffic Safety Administration (NHTSA) which gives grant funding to Indian tribes, States, and territories under their Highway Traffic Safety Grant, includes; the supports for highway safety initiatives; to improve traffic records and other data systems for safety traffic information; and alcohol-impaired driving countermeasures incentives for addressing alcohol driving incidents. For fiscal year 2009, the funding level for this program is elevated from the enacted fiscal year 2008 in the amount of \$599 million. According to USC, tribes receive 1½ percent of the total allocation amount. Statutorily, Indian tribes are eligible to receive 2 percent of the total appropriation authorized amount from the NHTSA funding amount.

—NCAI recommends that authorized amount of \$4.3 million for Indian tribes from NHTSA.

PREPARED STATEMENT OF THE COUNCIL OF LARGE PUBLIC HOUSING AUTHORITIES

Chairwoman Murray, Ranking Member Bond and members of the subcommittee, on behalf of the Council of Large Public Housing Authorities (CLPHA), thank you

for the opportunity to submit testimony for the record on the administration's proposed fiscal year 2009 public housing budget. CLPHA members represent virtually every major metropolitan area in the country and on any given day, they serve more than 1 million households. Together, they manage approximately 40 percent of the Nation's multi-billion dollar public housing stock, and administer over 30 percent of the section 8 voucher program.

Last year, a first-ever national study measuring the economic impact of public housing concluded that public housing is an essential part of the housing market and makes significant contributions to local economies. The Econsult study showed that direct spending by public housing authorities on capital improvements, maintenance and operations generates additional dollar-for-dollar indirect economic activity in local communities.

Given the uncertain economic conditions of today's housing market—with record-setting foreclosure rates among homeowners, a crisis in the credit and home mortgage lending industries, and an insufficient supply of rental housing nationwide—the housing crisis we are facing will place even greater pressure on the type of decent, safe, and affordable housing provided by public housing communities. Regrettably, this administration's proposed fiscal year 2009 budget is a continuation of a now 8 year effort to cripple, dismantle, devalue, and under fund public housing as we know it.

OPERATING FUND

The administration's proposal of \$4.3 billion for the Operating Fund is a paltry increase of \$100 million over last year's appropriation. HUD's own budget justifications indicate that \$5.3 billion is needed to fully fund the Operating Fund in fiscal year 2009. Furthermore, the Operating Fund has not been fully funded since 2002 and estimates show that during those years, public housing lost nearly \$3 billion in operating subsidies alone. At 81 percent funding, in essence, this budget proposal fails to fund 19 percent of—or approximately 227,000—public housing units. Housing authorities will cope with this low proration by reducing services to residents. Also, with insufficient resources to properly maintain existing units, the problem becomes cyclical, with more units becoming severely distressed.

Coupled with the under-funding is HUD's problematic implementation of asset management and the restrictions HUD placed on management fees that prevent housing authorities from charging reasonable fees for administration. These continued shortfalls in annual public housing funding will make the transition to asset management needlessly difficult, if not impossible to achieve, and will result in negative consequences for resident services.

—CLPHA requests the Senate Appropriations fully fund the Operating Fund at the industry recommended level of \$5.3 billion in fiscal year 2009.

CAPITAL FUND

The administration's proposal for \$2.024 billion is approximately \$415 million less than the amount appropriated in fiscal year 2008. This funding request is considerably lower than annual accrual needs and therefore, funding at this level would severely under-fund accrual needs by more than \$700 million in fiscal year 2009. Furthermore, it completely ignores the backlog of modernization needs, which could be in the tens of billions.

The negative impacts of under-funding the Capital Fund will have harmful trickle down effects on private sector investments. Housing authorities are currently able to raise private capital by pledging their future Capital Funds toward the repayment of bonds and loan. To date, housing authorities have borrowed \$3 billion through the Capital Fund Financing Program (CFFP) and have used the money creatively to make large-scale comprehensive improvements to their developments. Thus, under-funding the Capital Fund will create uncertainty for private investors. Similarly, private lenders will avoid future investments in public housing neighborhoods. As a result, housing authorities who borrow against their future years' Capital Fund allocations will be unable to address future years' annual capital needs. This will result in the delay of necessary services and upgrades, inevitably leading to future higher costs for essential repairs. Thus, if the Capital Fund is fully funded in fiscal year 2009, housing authorities will be able to meet accrual needs, begin to address the modernization backlog, and continue to encourage private sector investment in public housing neighborhoods.

—CLPHA requests the Senate Appropriations fully fund the Capital Fund at the industry requested level of \$3.5 billion in fiscal year 2009.

HOPE VI

In fiscal year 2009, for the third consecutive year, the administration is proposing to end HOPE VI. HOPE VI is an essential tool for public housing authorities and has leveraged more than \$12 billion in additional private and public investment since the program began in 1993. HOPE VI has transformed communities of despair and unrelenting concentrations of poverty into mixed-income communities that will serve as long-term assets in their neighborhoods. In 1993, when the program was first authorized, the stated goal was to demolish severely distressed public housing, estimated at that time to be 100,000 units. Today, 15 years later, we are still faced with a substantial number of severely distressed public housing units and estimates show there may be an additional 82,000 units. The work of HOPE VI is not yet over as there is still much work to be done.

—CLPHA requests the Senate Appropriations reauthorize, expand and provide adequate funding of \$800 million for the HOPE VI program.

TENANT-BASED HOUSING CHOICE VOUCHER PROGRAM

In fiscal year 2009, the administration is proposing \$14.3 billion and an offset of \$600 million for renewals under the Tenant-Based Housing Choice Voucher Program. However, the industry estimates that \$15.4 billion is needed for tenant-based renewals. Therefore, HUD's request would fail to support between 55,000–100,000 vouchers currently in use. HUD proposes that public housing authorities be funded “based on the amount public housing agencies were eligible to receive in calendar year 2008 and by applying the 2009 annual adjustment factor.” This budget based approach does not account for significant changes in local housing markets, nor does it reward housing authorities for improved utilization costs. Funding for the housing choice voucher program should continue to be funded by using actual leasing and cost data, as it has for the past two funding cycles. Even though HUD and OMB recognize the voucher program as one of the most effective Government programs, this proposed budget does not provide the full funding required for continued success.

—CLPHA requests the Senate Appropriations fully fund the renewal of the Tenant-Based Housing Choice Voucher program at the industry requested level of \$15.4 billion.

TENANT PROTECTION VOUCHERS

This year, the Tenant Protection account is cut from \$200 million in fiscal year 2008 to \$150 million in fiscal year 2009. HUD claims additional costs for tenant protection vouchers may be obtained by using un-obligated balances from funds in the Housing Certificate Fund or from Annual Contributions for Assisted Housing. HUD also proposes removing the requirement that a tenant protection voucher be provided for all units that were occupied in the previous 24 months that cease to be available for occupancy. Here again, HUD will attempt to limit affordable housing opportunities for low-income families.

—CLPHA requests the Senate Appropriations fully fund Tenant Protection Vouchers in fiscal year 2009.

ADMINISTRATIVE FEES

HUD proposes \$1.4 billion for administrative fees in fiscal year 2009, a \$49 million increase over fiscal year 2008. This amount is insufficient. The fiscal year 2008 administrative fees were prorated at 86 percent so if they were fully funded, the fees would require over \$1.5 billion in fiscal year 2009.

—CLPHA requests the Senate Appropriations fully fund Administrative Fees at the industry recommended level of \$1.54 billion.

SAFETY AND SECURITY

Since 2002, the administration's budget provides no specific funding for safety and security in public housing through the Public Housing Drug Elimination Program (PHDEP). It fails to see the widespread, positive impact the program has gained and its strong support from PHAs, residents, local law enforcement and other concerned parties. Since PHDEP's termination, housing authorities have had to use their already scarce operating subsidies to combat crime and drugs, and ensure safety in their units.

—CLPHA requests the Senate Appropriations fully fund Safety and Security at the industry recommended level of \$310 million.

RESIDENT OPPORTUNITY SERVICES

For fiscal year 2009, the administration recommends \$38 million for supportive services, service coordinators, and congregate services. This is a \$2 million reduction from fiscal year 2008 and is budgeted in the Public Housing Capital Fund, which has the effect of further reducing the total funding for capital needs. CLPHA strongly supports and urges separate funding for the ROSS program in order to address the critical, on-going need for supportive services among our most vulnerable residents, including the elderly and persons with disabilities.

—CLPHA requests the Senate Appropriations fully fund Resident Opportunity Supportive Services as a separate program at the industry recommended level of \$55 million.

OTHER SET-ASIDES

This year, HUD proposes \$48 million for Family Self-Sufficiency coordinators, \$1 million less than the fiscal year 2008 appropriation. HUD also proposes \$39 million to prevent displacement of the elderly and disabled families who receive assistance by the Disaster Assistance Program, and \$75 million for incremental vouchers administered in conjunction with the Department of Veterans Affairs.

—CLPHA requests the Senate Appropriations fully fund Service Coordinators for the Elderly and Disabled at the industry recommended level of \$50 million.

CLPHA members remain committed to providing quality housing and management services in public housing. However, without adequate funding, public housing authorities cannot ensure that housing is properly maintained or needed services are available. Given increasing housing costs and struggling housing markets across the country, protecting and preserving public housing has proven ever more critical to low-income families. We appreciate the opportunity to submit our comments and public housing funding requests to the subcommittee. We look forward to continuing to work with the subcommittee in our joint efforts to advocate for, and deliver, safe and affordable public housing to our Nation's most disadvantaged and vulnerable persons.

PREPARED STATEMENT OF THE AMERICAN ASSOCIATION OF SERVICE COORDINATORS
(AASC)

The American Association of Service Coordinators (AASC) appreciates the opportunity to share our views on the fiscal year 2009 appropriations for the Department of Housing and Urban Development (HUD). While we have funding concerns with a number of programs contained in the THUD fiscal year 2009 appropriations bill, we will focus our comments on resources needed for the staffing of service coordinators in federally assisted and public housing.

Service coordinators have helped thousands of low-income elderly, persons with disabilities, and others with special needs to link with community-based health and supportive services. While most local communities may have available the various services needed, they are highly fragmented, not well known, and/or have complexities that have hindered easy access. By providing timely assistance, service coordinators have enabled many frail and vulnerable older persons to achieve their preference to remain in their home for as long as possible. Without the benefit of service coordinators, many vulnerable persons have been forced to move prematurely into more costly settings, such as nursing homes.

Service coordinators in federally assisted housing are funded through a number of sources, including national competitive grants funded through the section 202 Elderly Housing Program. However, since the service coordinator grant program was established there have been insufficient funds available to enable service coordinators to be staffed in most eligible federally assisted housing. Findings of a recent HUD survey revealed that there are about 1,500 service coordinators funded through the competitive grant program which represents less than one-third of the more than 12,000 eligible housing facilities. Current eligible facilities for these grants are those funded with: section 202 without PRACs; HUD insured section 221d3, some section 236s, and project based section 8 rent subsidies. In addition, nearly 2,000 service coordinators are funded through project operations, and over 200 service coordinators are funded through project residual receipts and excess revenues. Unfortunately, many facilities do not have sufficient funds to absorb service coordinators into their operating budget; and it is very difficult to secure the necessary rent increase to enable staffing as a routine part of the operating budget.

In addition to federally assisted housing, there are 1.3 million households living in public housing and almost half of all residents are elderly or persons with disabili-

ities, including more than 50,000 seniors age 83 and older. Service coordinators are needed not only to assist frail elderly to remain in their home, but also to provide assistance to many low-income families in public housing or using Housing Choice Vouchers to become more self-sufficient and economically independent through employment and homeownership. Service coordinators have been funded to assist public housing residents through short-term competitive grants with the Resident Opportunities and Self-Sufficiency program (ROSS), the Housing Choice Vouchers Family Self-Sufficiency (HCV-FSS) program; or through public housing Operating Funds. Unfortunately, over the past few years there have been significant cuts and shortfalls in Federal funds needed for the sound operation of public housing, including the routine staffing of service coordinators.

Despite the critical need and cost-effectiveness of service coordinators in assisting frail and low-income elderly and others with special needs to access supportive services or the need to assist families to become more self-sufficient, funding for service coordinators remains very limited. While the administration's fiscal year 2009 budget provides a slight increase for service coordinators in section 202 and other federally assisted senior housing, yet funding for service coordinators in public housing remains essentially flat. AASC would urge the subcommittee's support for the following:

- \$100 million in fiscal year 2009 for service coordinators in federally assisted housing, particularly to ensure adequate funds for expiring contracts of existing service coordinators;
- Full funding for section 8, Project Rental Assistance Contracts (PRAC), other rent subsidies and project operating funds to permit the staffing of a service coordinator as a routine part of the project's operating budget;
- A separate add-on of \$75 million in Public Housing Operating Funds for service coordinators;
- \$55 million for the Resident Opportunities for Self-Sufficiency (ROSS) program; and
- \$85 million for the Housing Choice Voucher Family Self-Sufficiency Program.

FEDERALLY ASSISTED HOUSING—\$100 MILLION

The administration's fiscal year 2009 budget requests \$80 million for service coordinators, an increase over the \$71 million budget requested in fiscal year 2008 and the \$60 million appropriated as part of the consolidated fiscal year 2008 appropriations bill enacted December 26, 2007 (Public Law 110-161). Unfortunately, the \$60 million appropriated for fiscal year 2008 is insufficient even to extend contracts of existing service coordinators; and will provide no funds for any additional service coordinators. In fact, it is anticipated that there will be no funds for service coordinators in the fiscal year 2008 Notice for Funds Available (NOFA) when it is issued (anticipated by the end of April). This will be the first time since the service coordinator grant program was established that no funds will be available for additional service coordinators. In fiscal year 2007, HUD awarded nearly \$3.5 million for 21 grants in 11 States (2,064 units); \$12 million was provided in fiscal year 2006; and \$30 million in fiscal year 2002.

The shortfall of fiscal year 2008 appropriations for the staffing of service coordinators in federally assisted senior housing has contributed to several months delays in HUD allocation of fiscal year 2008 funds to extend existing contracts for service coordinators. In order to extend all contracts, it is anticipated that HUD will make proportional cuts to all existing contracts. This action may seem equitable in sharing the shortfall; however, it may also have an unintended consequence of reducing needed assistance to many low-income, frail and vulnerable elderly and others with special needs and jeopardize their well-being as a result of anticipated reduced hours and capacity of existing service coordinator programs. While HUD may allow service coordinators to be funded through project reserves or to be incorporated into project operations; most federally assisted and public housing facilities do not have sufficient resources in their operating budgets to staff service coordinators. Given the shortages for section 8, HAPs, PRACs and other operating funds and critical competing needs, it is unlikely that projects will be able to secure necessary rent increases to allow the staffing of service coordinators.

AASC would recommend several actions: first, there is a need for \$20 million in fiscal year 2008 supplemental funds in order to extend contracts at full funding for existing service coordinators to ensure there are no cuts in hours, elimination of service coordinator positions, or cuts in quality assurance and other aspects of the service coordinator program; second, to provide \$100 million in fiscal year 2009 for service coordinators in federally assisted housing to ensure full funding with the renewal of existing contracts, as well as to expand service coordinators in federally

assisted housing for elderly or persons with disabilities that currently do not have them (two-thirds of eligible facilities do not have service coordinators); and to expand eligibility for service coordinators to section 515 rural housing and for Low-Income Housing Tax Credits (LIHTC) projects that involve non-profit organizations.

There is also a need for a dual strategy for funding service coordinators that includes maintaining the service coordinator grant program, and also increasing the routine staffing of service coordinators within the facility's operating budget. While statutory authority exists to allow HUD to fund coordinators, many senior housing facilities have not been able to secure the necessary rent adjustments to accommodate them. AASC would recommend that sufficient section 8, PRAC, or other operating funds be increased to allow routine staffing of service coordinators, as well as to direct HUD and their field offices to provide necessary budget adjustments and regulatory relief to remove any barriers restricting the staffing of service coordinators through the project's operating budget. There is also a need to expand the funding for housing-based service coordinator to assist frail elderly in the facilities' surrounding community. While there is existing statutory authority to enable service coordinators to assist residents in the surrounding community, there are insufficient funds to enable service coordinators to reach out to assist these surrounding residents.

PUBLIC HOUSING: COMPLEXITY AND INADEQUATE FUNDS FOR SERVICE COORDINATORS

Elderly and other residents with special needs living in public housing and those using Housing Choice Vouchers (HCV) have been denied full access to the valuable and cost-effective assistance provided by service coordinators. Over one-third of residents in public housing are elderly residing in various settings such as senior housing, family housing, and mixed-population housing with younger persons with physical and mental disabilities. Unfortunately, funding for service coordinators in public housing is very limited, complex, and has experienced a steady reduction in funds over the past few years, both with specific grant programs for service coordinators, as well as with the public housing operating budget.

A number of local housing authorities have funded service coordinators through competitive short-term grant programs, such as those under the Resident Opportunities and Self-Sufficiency (ROSS) or Family Self-Sufficiency (FSS) programs. Unfortunately, over the past few years, there have been funding cuts and a lack of program consistency contributing to disincentives for PHAs to participate in these grant programs. For example, the Elderly and Persons with Disabilities Service Coordinator program (EDSC) funded at over \$15 million as part of the ROSS program was shifted to the Public Housing Operating Fund, but with no additional funds. Therefore, coordinators that once were funded through the EDSC program now need to compete with other funding priorities and are subjected to the same proportional cuts with Public Housing Operating Funds. Because of funding cuts in their operating budgets and other competing needs, a number of public housing authorities have been forced to lay-off or reduce their service coordinator program. Service Coordinators have also been essential in facilities that have a mix of older residents and non-elderly persons with disabilities. Therefore, it is necessary to ensure that there are adequate funds available in the fiscal year 2009 Public Housing Operating funds to accommodate service coordinators. AASC recommends that \$85 million be provided as a separate add-on to Public Housing Operating Funds to ensure that PHAs can include service coordinators as a routine part of their operating budget.

RESIDENT OPPORTUNITIES AND SELF SUFFICIENCY (ROSS)—\$55 MILLION

The Resident Opportunities and Self Sufficiency (ROSS) program provides grants to public housing agencies, tribal housing entities, resident associations, and non-profit organizations for the delivery and coordination of supportive services and other activities designed to help public and Indian housing residents attain economic and housing self-sufficiency. There are several separate programs within the ROSS program that were appropriated at \$40 million in fiscal year 2008, including: (1) Family and Homeownership (\$33.4 million funded in fiscal year 2007), (2) Elderly and Persons with Disabilities (\$16.6 million funded in fiscal year 2007; and (3) Public Housing Family Self-Sufficiency (\$12 million in fiscal year 2007 NOFA). Despite the demonstrated need and effective results, the administration's fiscal year 2009 budget seeks \$37.6 million for these three ROSS programs, and no additional funds for Neighborhood Networks (funded earlier at \$15 million), a slight reduction from the \$40 million appropriated in fiscal year 2008. AASC recommends that ROSS be funded at \$55 million, as it had been prior to fiscal year 2005.

HOUSING CHOICE VOUCHER/FAMILY SELF-SUFFICIENCY (HCV/FSS)—\$85 MILLION

The HCV/FSS program allows participants in the section 8 Housing Choice Voucher program to increase their earned income, reduce or eliminate their need for welfare assistance, and promote their economic independence. Funds are used to provide for FSS program coordinators to link participants with supportive services they need to achieve self-sufficiency and to develop 5-year self-sufficiency plans. The HCV/FSS program currently assists over 63,000 families and 8,300 families in public housing. In fiscal year 2004, HUD made a number of changes in the program that led to a number of technical errors and elimination of nearly one-third of the existing grants. The administration's fiscal year 2009 budget requests \$48 million for HCV/FSS, slightly less than the \$49 million appropriated in fiscal year 2008 and essentially the same since fiscal year 2005. AASC recommends \$85 million for HCV/FSS funding in order to restore funds to PHAs that were cut in fiscal year 2004 and to expand the number of FSS participants. In addition, we support administrative changes for up-front funding of HCV/FSS escrow accounts, and to streamline the staffing of service coordinators.

CONCLUSION

While we understand the difficult funding choices that the subcommittee needs to make with limited resources, we would urge your support for the funding of service coordinators as a cost-effective means to assist the low-income elderly and other residents with special needs and as a means to save public funds by promoting economic self-sufficiency for low-income families and options for frail elderly to delay or avoid premature admission into costly nursing homes.

PREPARED STATEMENT OF EASTER SEALS

Chairman Murray, Ranking Member Bond and members of the subcommittee, Easter Seals appreciates this opportunity to share the successes of Easter Seals Project ACTION and the National Center on Senior Transportation.

PROJECT ACTION OVERVIEW

Project ACTION was initiated during the appropriations process in 1988 by funding provided to the Federal Transit Administration to undertake this effort with Easter Seals. We are indeed grateful for that initiative and the ongoing strong support of this subcommittee in subsequent years.

Following its initial round of appropriations, Congress authorized assistance to Project ACTION in 1990 with the passage of ISTEA and reauthorized the project in 1997 as part of TEA-21 and in 2005 as part of SAFETEA-LU. The strong interest and support of all members of Congress has been greatly appreciated by Easter Seals as it has pursued Project ACTION's goals and objectives.

Since the project's inception, Easter Seals has administered the project through a cooperative agreement with the Federal Transit Administration. Through steadfast appropriations support, Easter Seals Project ACTION has become the Nation's leading resource on accessible public transportation for people with disabilities. The current project authorization level is \$3 million, and Easter Seals is pleased to request the appropriation of that sum for fiscal year 2009.

The strength of Easter Seals Project ACTION is its continued effectiveness in meeting the congressional mandate to work with both the transit and disability communities to create solutions that improve access to transportation for people with disabilities of all ages and to assist transit providers in complying with transportation provisions in the Americans with Disabilities Act (ADA).

NATIONAL CENTER ON SENIOR TRANSPORTATION OVERVIEW

The National Center on Senior Transportation (NCST) was created in SAFETEA-LU to increase the capacity and use of person-centered transportation options that support community living for seniors in the communities they choose throughout the United States. The center is designed to meet the unique mobility needs of older adults and provide technical assistance and support to older adults and transit providers. The NCST is administered by Easter Seals in partnership with the National Association of Area Agencies on Aging (N4A) and involves several other partners including the National Association of State Units on Aging, The Community Transportation Association of America, The American Society on Aging, and The Beverly Foundation. The Cooperative agreement forming the NCST was developed in August 2006 and the Center was officially launched in January 2007.

The goals of the NCST are:

- Greater cooperation between the aging community and transportation industry to increase the availability of more comprehensive, accessible, safe and coordinated transportation services;
- Increased integration of provisions for transportation in community living arrangements and long-term care for older adults;
- Enhanced capacity of public and private transportation providers to meet the mobility needs of seniors through available, accessible, safe and affordable transportation;
- Enhanced capacity of human service providers to help seniors and/or caregivers individually plan, create and use appropriate transportation alternatives;
- Increased knowledge about and independent use of community transportation alternatives by seniors through outreach, education and advocacy;
- Increased opportunities for older adults to obtain education and support services to enable the individuals to participate in local and State public and private transportation planning processes.

The tools and resources being developed to achieve these goals include:

- Technical assistance extended through cross-agency and public/private collaboration to improve and increase mobility management for older adults through new or existing local and State coalitions;
- Technical assistance and other supportive services extended to communities, seniors, transportation and professional agencies and organizations, government, and individuals so they can effectively address barriers and/or respond to opportunities related to senior transportation;
- Creation and dissemination of products and training programs (e.g., brochures, workbooks, best-practice guides and self-assessments) to help transportation providers, human service agencies and older adults and their caregivers understand their roles and/or opportunities for increasing senior mobility options;
- Use of an 800-telephone line, website, visual exhibit, newsletters and other communication tools;
- Implementation of communication strategies to increase the profile of senior transportation on topics such as emerging best practices, advances in public policy, success stories and more;
- Facilitation and testing of new ideas to increase and improve community mobility for seniors through the administration and management of demonstration projects.

In SAFETEA-LU, the NCST is authorized at \$2 million for the first year of the project and \$1 million for years after that. Easter Seals respectfully requests an appropriation of \$3 million for the NCST in fiscal 2009. The additional \$2 million included above the authorized level in this request would allow the center to fund local community's efforts to demonstrate creative, unduplicated and effective solutions to increasing mobility for older adults. This funding will allow us to support local communities' efforts to put the tools and resources developed by the NCST into practice.

HIGHLIGHTED ACTIVITIES OF PROJECT ACTION AND THE NATIONAL CENTER ON SENIOR TRANSPORTATION DURING THE LAST YEAR

Both Project ACTION and the NCST are working at the State, local and national level to achieve the goal of greater mobility for all Americans. The past year has been an exciting one and the role of Project ACTION and the NCST as productive, highly trustworthy, innovative resources to the Federal Transit Administration has continued to grow.

In late 2007, the NCST released an RFP to local communities to undertake demonstration projects that will work creatively to meet the transportation needs of older adults living in the community. More than 300 public, private and faith-based aging/human services and transportation organizations from 46 states plus the District of Columbia applied. Eight community organizations have been selected to receive grants from the National Center on Senior Transportation. The grants range from \$35,000 to \$90,000. The sites will also receive 24 months of tailored technical assistance. A panel of external reviewers selected these organizations: Human Services Council, Vancouver, WA; Jewish Family and Children's Services of Minneapolis, Minnetonka, MN; Knoxville-Knox County Community Action Committee, Knoxville, TN; Leslie, Knott, Letcher Perry Community Action Council, Inc., Jeff, KY; Meadowlink Commuter Services, Rutherford, NJ; Mid County Senior Services, Newtown Square, PA; Southwest Michigan Planning Commission, Benton Harbor, MI; ACCESS Transportation System, Pittsburg, PA.

A highly promising new tool that both Project ACTION and the NCST are accessing to achieve their missions is distance learning. Distance learning has proven to be a highly effective method to reach an exponentially greater number of stakeholders to educate and inform them about activities that will increase the mobility of older adults and people with disabilities. For instance, over 800 people have participated in technical training offered by Project ACTION and the NCST with approximately 120 people signing up for each event on average. This has allowed approximately 5 times as many people to be trained by project staff. The experience has been so positive that the FTA has requested that the project triple their distance learning activities over the next 3 years contingent on funding. An additional training success was the presentation of the Project ACTION "People on the Move" program in New Orleans, LA to help assure that transportation options for people with disabilities were part of the rebuilding efforts in that city. Project ACTION was also proud to introduce a new course this year to increase the skills, knowledge and abilities of travel training professionals. Within 3 months following each of these three trainings being offered this year, participants will submit a report detailing how they used the curriculum materials to train people with disabilities to use public transportation, improve policies and practices, educate colleagues and increase their own knowledge.

Both projects have also instituted an on-line technical assistance tracking process that will help identify geographic and issue area trends in our technical assistance efforts so that broader training and technical assistance tools can be targeted at specific needs.

There are currently three ongoing studies that will result in new tools being added to the resource clearinghouse for both projects. The first is in the area of accessible taxi service and is critical to meeting the needs of both older adults and people with disabilities, particularly in rural areas. The other two are in the areas of bus stop accessibility and accessible pathways. In addition Project ACTION just released a report on wheelchair mobility that addresses the growing need to address larger wheelchairs in vehicles.

FISCAL 2009 REQUEST

In order to continue the outstanding work of Easter Seals Project ACTION and the NCST, Easter Seals respectfully requests that \$3 million be allocated for Project ACTION and \$3 million be allocated for the National Center on Senior Transportation in fiscal 2009 to the Department of Transportation for project activities.

Mr. Chairman, thank you for the opportunity to present this testimony to the subcommittee. Your efforts have improved the accessibility of transportation for persons with disabilities and older adults and the ability of the transportation community to provide good service to all Americans. Easter Seals looks forward to continuing to work with you toward the pursuit of these objectives.

PREPARED STATEMENT OF THE NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

The National Association of Railroad Passengers strongly supports \$1.785 billion as a minimum appropriation for Amtrak for fiscal year 2009 in the absence of a responsible request by the Bush administration. There are two caveats below regarding rolling stock and infrastructure (sections II and IV) which justify additional funding.

Looking forward, we strongly urge the next Congress and administration to take seriously the \$9 billion a year recommendation of intercity passenger train investments contained in the report of the National Surface Transportation Policy and Revenue Study Commission.

STRONG RIDERSHIP GROWTH

Americans are turning to trains. Demand for all types of services is growing rapidly—long distance, corridor, commuter rail and local transit. At Amtrak, ridership for the first 6 months of fiscal year 2008 (October–March) was up 12 percent compared with the same period of fiscal year 2007. And ridership for all of fiscal year 2007, which Amtrak said marked "the fifth straight year of gains," was 6.3 percent higher than in fiscal year 2006.

Sold-out trains on Amtrak means we don't have enough capacity to meet current demand, and certainly not the larger demand that is likely in the future as more people seek alternatives to high and rising gasoline prices and airline fares. As explained below, from a public policy standpoint, the increased popularity of energy-efficient trains is good.

HOW TO KEEP RIDERSHIP GROWING

Amtrak has about 100 cars that need repairs before they can be returned to service. The fiscal year 2008 budget apparently would accomplish very little in this regard. Similarly, it appears that little could be accomplished within what Amtrak has requested for fiscal year 2009, since they are showing a significant drop in capital spending on both “passenger cars” and “locomotives.” Passenger cars would drop \$40.1 million or 22.5 percent, from \$178.0 million this year to \$137.9 million next year.

This issue also is complicated by the fact that, as a result of leaseback deals in the pre-Gunn years, Amtrak does not own many of “its” cars and the law, as we understand it, prohibits Amtrak’s use of capital dollars to repair such cars.

With passenger demand already exceeding what Amtrak can supply today, we urge the subcommittee to sort through the above and take the necessary steps to maximize the number of cars Amtrak can operate, including—if needed for this purpose—adding additional funding.

New Equipment.—We appreciate that Amtrak is working on developing a program to secure new equipment in cooperation with the States, and is working with them to standardize equipment design as much as possible. However, we are concerned at the lack of action with regard to equipment for the national network (long-distance) trains, where demand also is strong and growing, and cars also are aging. It is essential that the Federal funds become available to move both of these programs forward; with States partnering on “State corridors” equipment.

STATE GRANT PROGRAM

The Association appreciates the fact that, for the first time, Federal funds are available to match State investments for intercity passenger trains, and not just as a by-product of commuter rail or intermodal terminal programs. The \$30 million approved for fiscal 2008 is significant as a start; we urge the subcommittee to expand this program as rapidly as possible—and not at the expense of Amtrak funding—ideally at \$100 million in fiscal year 2009, and including a 5 percent set-aside for education and outreach.

SERVICE RELIABILITY

While some on-time performance issues result from problems with railroad operating practices, substantial delays also are caused by genuine track capacity issues. One of the biggest problems involves the Norfolk Southern mainline between Porter, Indiana, 26 miles east of the Illinois State line, and Chicago. This segment handles Amtrak’s five daily Michigan round-trips as well as Amtrak’s four Chicago-Cleveland trains (Lake Shore Limited serving New York State, New York City and Boston; Capitol Limited serving Pittsburgh and Washington).

Paralleling this mainline is the abandoned former New York Central right-of-way (and associated drawbridges, still in place). Putting this back into service would improve both passenger and freight operations. This is one major example of the sorts of projects that could blossom under an adequately funded Federal program to jointly fund railroad projects with States.

IT IS SOUND PUBLIC POLICY TO SUPPORT TRAINS

Fuel efficiency offers the most immediate and biggest potential for reducing CO₂ emissions from transportation over the next 3 decades, partly because we are so far from developing radically advanced, low-carbon technologies to replace oil-based transportation energy. The emissions reduction policy measure that will have the most immediate impact is the one that will make greater use of the most fuel/carbon efficient forms of transportation.

It is in that context that we present the most recent data from the annual Transportation Energy Data Book (Edition 26, released in 2007), published by Oak Ridge National Laboratory, under contract to the U.S. Department of Energy. The following table shows 2005 data; the five modes shown are listed from most to least energy efficient:

Mode	BTUs per psgr-mile ¹
Amtrak	2,709
Commuter trains	2,743
Certificated air carriers	3,254
Cars	3,445

Mode	BTUs per psgr-mile ¹
Light trucks (2-axle, 4-tire)	7,652

¹ BTU = British Thermal Unit; passenger-mile = one passenger traveling one mile.

The aviation figure shown above is straight energy consumption; no multiplier is added although there is evidence that “radiative forcing” increases the negative environmental impacts of high altitude emissions.

HUDSON RIVER TUNNELS

One other geographically specific project demands comment: the current plan of New Jersey Transit to build two tunnels under the Hudson River which would not connect with existing New York Penn Station and which would lead to a dead-end, deep cavern station so far under 34th Street as to render questionable the ability to extend tracks to Grand Central. Moreover, we understand that the tunnels are designed in a way that prohibits additional intercity capacity in the future.

We cannot support or justify a \$7.6 billion expenditure on new tunnels that, in 2017, will find existing Penn Station and all intercity service under the Hudson just as dependent as today on two century-old tunnels. Moreover, these new tunnels will block future investments to expand intercity capacity, violating a basic rule: do no harm. As we have testified to New Jersey Transit and written to the Governors of New York and New Jersey, it is inconceivable that the continent’s strongest market opportunity for rail to ameliorate aviation congestion could remain one incident away from rail paralysis. Even without an incident that closes those tunnels for any length of time, basic track maintenance needs are increasingly in conflict with growing demand for both commuter and intercity weekend services.

BACK PAY

Our \$1.785 billion request includes both the \$1.671 billion that Amtrak formally requested and the additional \$114 million to fulfill the new contracts.

The alternative approach of relying on an end-of-year cash balance to cover the \$114 million would be unwise because the remaining cash on hand would be inadequate for responsible management of a \$3+ billion corporation like Amtrak. While it is unfortunate that Amtrak did not forthrightly request the \$114 million, we agree that the board arguably would be failing in its fiduciary responsibility to recommend “swallowing” the \$114 million. As Alex Kummant testified before your subcommittee on April 3, “it’s early to project end-of-year cash. Last year, we came within 3 weeks of running out of cash by the time we got our first grant in February.”

WORK RULES

We have supported reasonable efforts to improve productivity, believing that such efforts will facilitate service expansion that provides services travelers need while increasing the number of good jobs on and related to passenger trains. It is widely known that the PEB “does not recommend any of Amtrak’s requested changes.” However, rail labor submissions to the PEB noted that Amtrak can increase productivity within the scope of existing contracts. Also, the new contracts become amendable in just over 19 months which leaves room for hope that all parties, informed by the recent process, can approach the issue more effectively.

PREPARED STATEMENT OF THE RAILWAY SUPPLY INSTITUTE, INC.

Dear Mr. Chairman, the Railway Supply Institute (RSI) appreciates the opportunity to provide this subcommittee with our views on important transportation funding policy.

Established in 1908, RSI is the international association of suppliers to the Nation’s freight, passenger rail systems, and rail transit authorities. The domestic railway supply industry is a \$20 billion a year business with some 500 companies employing 150,000 people. Approximately 25 percent of sales involve Amtrak, commuter railroads and transit authorities. A strong national freight and passenger rail system will not only continue to sustain good paying domestic jobs but will lead to future job creation as well.

RSI supports both our Nation’s freight and passenger rail operations. Today we will focus on passenger rail service. Unfortunately, in our view, our transportation

policy places entirely too much emphasis on those modes of transportation that have the inverse effect on the issues mentioned above.

We need a strong, national railroad passenger system that contributes to reducing dependence on foreign oil; reducing carbon emissions into the atmosphere; reducing congestion on our highways; improving transportation safety; reducing airport congestion; and that will enhance our ability to move vast numbers of people in emergency evacuation situations (i.e. 9/11, Katrina, etc).

As representatives of those who supply our Nation's railroad industry, we submit that a more balanced national transportation policy that places more emphasis on rail will significantly contribute to meeting our Nation's stated policy objectives that are designed to make this Nation stronger.

That is why we urge this subcommittee to reject the administration's proposed cuts in rail passenger service and support Amtrak's fiscal year 2009 appropriation request of \$1.671 billion. However, if policy makers are truly serious about achieving the above stated objectives, then we need to do much more than just allowing Amtrak to survive on a year to year basis. And, certainly get away from the annual starvation budget for rail passenger service.

Last August, the Wall Street Journal wrote that just the increase in ridership alone on the Acela's on Amtrak's Northeast Corridor was "enough new passengers to fill 2,000 Boeing 757 jets". Just imagine running more corridor operations that would do more of that and the impact that could have on fuel consumption and carbon emissions. Amtrak needs more equipment and investment in railroad infrastructure so it can expand capacity allowing it to move more people by rail. By doing that, it will help reduce short distance flights and auto trips.

At a time when we are considering capping air traffic in some of our busiest airports, wouldn't it make more sense to have a Federal policy that encourages the development of rail corridors that will reduce the need for short distance air travel and free up valuable air slots at airports? Such a policy would not only reduce airport congestion but would aide in reducing fuel consumption.

In addition:

- Air transportation produces significant levels of CO₂. Air emissions effects are greater at high altitudes.
- Airliner fuel use triples during the takeoff climb, and sometimes in descent, making short distance trips inefficient and adding unnecessarily to airport congestion.
- Rail travel could efficiently replace short distance air travel and longer distance highway trips, while reducing greenhouse gas emissions if we had a policy that encouraged more rail passenger corridor development.

Former airline executives, (Gordon Bethune-Continental/Robert Crandall-American) have publicly stated that the United States should do what governments in Europe and Asia have long done—building high speed rail lines for short distance travelers and freeing up runway space for long distance flights. States all over this country are interested in adopting policies that reward and encourage energy efficient, low-emissions transportation modes like passenger rail and corridor development. The Federal Government needs to be a partner with those States.

Mr. Chairman, we are here to urge you and the members of this subcommittee to focus your attention on the benefits of rail passenger service and, perhaps, even follow some of the recommendations of the National Surface Transportation Commission which clearly states that "intercity passenger rail is . . . more energy efficient than many other modes of passenger transportation." That same report goes on to say that the average intercity passenger rail train produces 60 percent lower carbon dioxide emission per passenger mile than the average auto, and half the carbon dioxide emission per passenger mile of an airplane.

These facts suggest that Federal transportation policy should do more to develop those modes of transportation that we already know are efficient. Perhaps our policy should measure the value of rail passenger service in a way that will reflect its overall value and enhance other policy objectives rather than only measuring the pure cost of the service as we do today.

Instead of measuring the "loss-per-passenger-mile" on Amtrak trains maybe this subcommittee should entertain other measures like "carbon emission reduction per-passenger-mile" or "reduction in VMT" (vehicle miles traveled).

Why not require a Fuel Efficient/Carbon Emission Impact Statement similar to the Environmental Impact Statement that will give transportation policy makers a different measurement tool that will actually help to gage the progress (or lack of it) in reducing fuel consumption and carbon emissions.

Above all, we would urge the subcommittee and Congress to provide full funding for Amtrak and to resist micro-managing their activities. If Congress wants Amtrak to operate more like a business, it should treat it like a business and have an arms-

length relationship allowing the Board of Directors to be responsible for setting management objectives.

Clearly there are things Amtrak can do to be more efficient but dictating operational reforms for specific on-board services or a marketing strategy should be left to the Board of Directors and its management oversight and not spelled out in statutory language. Allow the Amtrak Board to be responsible and accountable for the actions of the corporation. The whole purpose for having a Board of Directors is to provide management with a general direction and hold management to the policies it sets.

Once Congress begins to dictate policies to management, it becomes part of the problem. We believe that the appropriate role of Congress should be to make policy, provide funding, and engage in oversight. The Appropriations Committees have a responsibility to work in the best interests of the Nation, making funding decisions that can set the foundation for a strong economy and a brighter future for all Americans. Support for rail passenger service is part of the solution for many of our Nation's concerns over congestion and pollution.

We applaud the subcommittee for its wisdom in providing the initial funding for the Intercity Passenger Rail Grant Program last year. In addition, Federal Railroad Administrator Joseph Boardman deserves credit for proposing this concept and for recommending an additional \$100 million to expand the current program to assist the States in being more aggressive in improving intercity rail passenger service. This is one of those areas where Amtrak, the States, Congress and the administration can all agree needs to move forward and we hope this subcommittee will do its best to fully fund this proposal.

Your continued support for rail passenger service is good public policy and good for the Nation.

Thank you for the opportunity to present our views.

PREPARED STATEMENT OF FOOTHILL TRANSIT

Mr. Chairman and members of the subcommittee, my name is Doran Barnes and I serve as the Executive Director of Foothill Transit in West Covina, California. Thank you very much for the opportunity to submit testimony to this subcommittee.

Mr. Chairman, I recognize the difficult tasks before this subcommittee and commend your leadership in determining the allocation of available transportation resources during this congressional budget period. We are very appreciative of the strong support provided to Foothill Transit by this subcommittee over the past 13 years. The support of this subcommittee has enabled Foothill Transit to construct two operating and maintenance facilities and to initiate replacement of our aging bus fleet with new compressed natural gas coaches, as well as to embark upon providing commuter parking to encourage transit ridership. These initiatives have greatly enhanced our service to our riders, and continue to do so.

WHY THIS BUS CAPITAL REQUEST?

Thanks to the unwavering support of our Congressional delegation, Foothill Transit has been extremely successful in achieving its capital goals. Our fiscal year 2009 funding request is for \$5 million in Discretionary Bus Capital funding to assist Foothill Transit in our aggressive efforts to continue the conversion of our entire 314-bus fleet to cleaner burning compressed natural gas (CNG) buses. To date, Foothill Transit's fleet consists of 232 CNG buses and 82 diesel buses. The funds requested here would be utilized for the purchase of both 40-foot buses, and additional 60-foot articulated buses to add to the new "Silver Streak" service just introduced in March 2007. This successful new service includes 58-passenger buses which board faster, save riders substantial commuting time, have state-of-the-art safety features, and offer onboard WiFi (Internet) service.

The conversion of transit fleets to alternative fuel sources multiplies the benefits that transit service already contributes to our national energy conservation goals. The Federal Government has recognized the importance of such energy-saving initiatives by providing Federal matching funds and incentives to assist local agencies, such as Foothill Transit, with the procurement of alternative fuel buses.

The agency's Pomona Operations Yard is now running a 100 percent CNG fleet with 170 buses. Diesel fueling infrastructure has been dismantled at this yard as the use of diesel fuel buses has been phased out at this facility.

Foothill Transit's Arcadia/Irwindale Operations Yard runs the remaining 144 buses, with the goal of converting to a cleaner burning CNG facility as soon as possible. This funding request will enable the retirement of a portion of the older diesel-fueled vehicles and advance the "green" goals of the agency, furthering its role

in improving regional air quality through the cleaner fuel technologies and congestion reduction in Los Angeles County.

Since its introduction in March 2007, the Silver Streak service mentioned above has become a great success. The service saves riders approximately 40 minutes of commute time from one end of the county to the other. Ridership has increased rapidly since its inception and has improved overall system access on connecting lines. This funding, if approved, will enable the purchase of an additional 10 60-foot CNG “articulated” buses, as well as additional 40-foot CNG buses.

ABOUT FOOTHILL TRANSIT

Foothill Transit was created in 1987 as an experiment to determine the effectiveness of competitively bidding for transit service operations. A public/private partnership, Foothill Transit is governed by an elected board comprised of mayors and council members representing the 21 cities and 3 appointees from the County of Los Angeles who are members of a Joint Exercise of Powers Authority. The agency provides public transit service over a 327-square-mile service area. Foothill Transit is one of the best investments of taxpayer dollars in these times of limited funds.

Foothill Transit has established a reputation of providing outstanding customer service. In five separate customer surveys, Foothill Transit drivers have consistently received ratings above average or greater by more than 805 of our customers. Customers also rate Foothill Transit buses very highly on their cleanliness, comfort and graffiti-free appearance.

Foothill Transit was initially established as a 3-year experiment to operate 14 bus lines at least 25 percent more effectively than the former Southern California Rapid Transit District (now Metro), with those savings to be passed on to the community through increased service and/or lower fares. A 3-year evaluation completed by Ernst & Young in 1995 showed that Foothill Transit’s public/private structure resulted in cost savings of 43 percent per revenue hour over the previous provider.

Recognized by Congress in 1996 as a “national model,” the combination of public accountability and private sector efficiencies has allowed Foothill Transit to hold costs constant since its inception in 1987, while increasing ridership by 77 percent and more than doubling the amount of service on the street.

Foothill Transit has no employees. All management and operation of Foothill Transit service is provided through competitive procurement practices. The Foothill Executive Board has retained my employer, Veolia Transportation, to provide the day-to-day management and administration of the agency. The management contractor oversees the maintenance and operation contractors to ensure adherence to Foothill Transit’s strict quality standards. We currently have two operating contracts, with First Transit at our Pomona facility, and MV Transportation at our Arcadia/Irwindale facility.

Mr. Chairman, thank you for the opportunity to provide testimony and for your consideration of this request. Please feel free to contact me with any questions you may have or if I can be of any assistance.

PREPARED STATEMENT OF THE ILLINOIS DEPARTMENT OF TRANSPORTATION

Madam Chairwoman and members of the subcommittee, we appreciate the opportunity to submit testimony concerning the fiscal year 2009 U.S. Department of Transportation (U.S. DOT) appropriations on behalf of the Illinois Department of Transportation (IDOT) to the Senate Appropriations Subcommittee on Transportation and Housing and Urban Development, and Related Agencies. We thank Chairwoman Patty Murray and the members of the subcommittee for their past support of a strong Federal transportation program and for taking into consideration Illinois’ unique needs.

IDOT is responsible for the planning, construction, maintenance and coordination of highways, public transit, aviation, intercity passenger rail and freight rail systems in the State of Illinois. IDOT also administers traffic safety programs. Our recommendations for overall funding priorities and our requests for transportation funding for projects of special interest to Illinois are discussed below.

HIGHWAY

Highway Obligation Limitation

IDOT urges the subcommittee to set the obligation limitation for highway and highway safety programs at no less than the guaranteed SAFETEA-LU level of \$41.2 billion for fiscal year 2009—the same funding level approved in fiscal year 2008. As you are aware, these guarantees/funding levels were also approved in both

the House and Senate fiscal year 2009 budget resolutions. Moreover, IDOT continues to support the SAFETEA-LU guarantees and funding firewalls as do other transportation advocates such as the American Association of State Highway and Transportation Officials (AASHTO) and the American Road and Transportation Builders Association (ARTBA).

IDOT is aware of the implications of supporting increased transportation funding when the long-term viability of the trust fund is in question. However, IDOT is responsible for securing the Federal funding that is needed to address the immediate highway and bridge deficiencies in Illinois and to preserve Illinois' transportation system for succeeding generations. To paraphrase the recent findings of the National Surface Transportation Policy and Revenue Study Commission, the consequences of inaction, at any level, will lead to further deterioration of the Nation's transportation system assets.

Rescission of Unobligated Highway Apportionments

IDOT urges the subcommittee to suspend its practice of rescinding unobligated highway apportionments. Since fiscal year 2002, Congress has enacted language requiring Illinois to rescind a total of \$466 million in unobligated apportionments. Rescissions undermine the SAFETEA-LU principles of guaranteed funding and budgetary firewalls by withdrawing promised Federal funding to offset increased non-transportation funding in other areas of the budget. The accumulated impact of numerous rescissions since fiscal year 2002 has exacted burdensome programmatic consequences. With large-scale rescissions, such as the one implemented in fiscal year 2008 for \$3.15 billion, States have less flexibility to shift funding toward unique State needs and to meet individual highway program priorities. Moreover, State transportation departments are being pressured by various transportation interests to make rescissions based on that group's particular preference.

Lastly, the members of the Senate Appropriations Committee should be reminded that the \$8.6 billion rescission enacted in SAFETEA-LU, which becomes effective on the last day of the bill, represents a 22 percent reduction of the estimated \$38.3 billion to be apportioned to the States in fiscal year 2009. Illinois' share of the fiscal year 2009 rescission is estimated in the range of \$285 million to \$300 million.

Funding Requests for Meritorious Projects

If the subcommittee finds the flexibility to fund meritorious projects in existing discretionary SAFETEA-LU categories or outside the authorized categories, IDOT requests funding for the following projects (noted throughout the testimony) for highway, Intelligent Transportation Systems (ITS), transit and rail funding:

- Rehabilitation of Congress Parkway Bridge.*—IDOT requests \$20 million for rehabilitation and construction of the bridge, which crosses the South Branch of the Chicago River, and is currently classified as structurally deficient.
- New Mississippi River Bridge.*—IDOT requests \$9.6 million for the land acquisition required for the construction of a new eight-lane Mississippi River Bridge in the St. Louis, Missouri and East St. Louis, Illinois area.
- Remote Control Bridge Monitoring for Des Plaines River.*—IDOT requests \$6 million to provide automated remote monitoring and control for a group of six movable bridges crossing the Des Plaines River in the Joliet region.
- Other IDOT Highway Priorities Include.*—\$20.5 million for expansion of US 51 between Decatur and Centralia; \$62.5 million for expansion of US 67 between Macomb and Alton; \$10 million for I-39/I-90 Interchange Reconstruction in Rockford; and \$12.6 million for development of an east-west IL Route 120 Corridor.

Other IDOT ITS Priorities Include.—\$6 million for a traffic surveillance system for I-80; \$2 million for dynamic message signs at the I-39/I-80 Interchange; \$1.5 million for I-270 fiber network and other ITS devices; \$6 million for a traffic surveillance system for I-55; and \$9 million for Vehicle Infrastructure Integration along Route 66.

TRANSIT

Transit Obligation Limitation

IDOT urges the subcommittee to set the obligation limitation for transit programs at the guaranteed SAFETEA-LU level in fiscal year 2009 at \$10.4 billion.

—*Bus and Bus Facilities.*—IDOT and the Illinois Public Transportation Association jointly request a Federal earmark of \$30 million (\$6.1 million for downstate bus and \$23.9 million for downstate facilities) in fiscal year 2009 section 5309 bus capital funds for downstate Illinois.

The request will provide \$6.1 million for downstate Illinois transit systems to purchase up to 43 buses and paratransit vehicles to replace overage vehicles and to comply with Federal mandates under the Americans with Disabilities Act. All of the

vehicles scheduled for replacement are at or well beyond their design life. The request will also provide \$23.9 million to Illinois to undertake engineering, land acquisition or construction for eight maintenance facilities and two transfer facilities that will enhance efficient operation of transit services.

Illinois transit systems need discretionary bus capital funds. Regular formula funding is inadequate to meet all bus capital needs. IDOT believes that Illinois' needs justify a much larger amount of discretionary bus funds than the State has received in recent years. Under SAFETEA-LU, Illinois is expected to receive approximately 6.5 percent of the needs-based formula funds but Illinois has only received between 1 percent and 3 percent of appropriated bus capital funds in the past.

New Systems and Extensions—Chicago Transit Authority (CTA)

IDOT supports the CTA's request for an earmark totaling \$30.5 million in New Starts funding to assist in upgrading the Ravenswood Brown Line. The match for these funds has been provided by IDOT.

The funding requested for upgrading the Ravenswood Brown Line would continue construction to extend station platforms to handle longer trains that are needed to serve the increasing demand along this line. Lengthening all platforms to handle longer, 8-car trains, straightening tight S-curves that slow operations and selected yard improvements will increase capacity by 25 to 30 percent. The CTA is seeking \$30.5 million in New Starts funds for fiscal year 2009. A Full Funding Grant Agreement for \$245.5 million was executed in January 2004 for the project.

New Systems and Extensions—MetroLink

IDOT supports the Bi-State Development Agency's request for a Federal earmark of \$50 million in fiscal year 2009 New Starts funding for extending the MetroLink light rail system in St. Clair County from Scott Air Force Base to MidAmerica Airport. The MetroLink system serves the St. Louis region in both Illinois and Missouri. MetroLink service has been a tremendous success and ridership has far exceeded projections.

Formula Grants

IDOT urges the subcommittee to set appropriations for transit formula grant programs at levels that will allow full use of the anticipated Mass Transit Account revenues. IDOT also supports utilizing general funds to supplement transit needs.

In Illinois, Urbanized Area formula funds (section 5307) are distributed to the Regional Transportation Authority and its three service boards which provide approximately 600 million passenger trips per year. Downstate urbanized formula funds are distributed to 14 urbanized areas which provide approximately 30 million passenger trips per year.

The Rural and Small Urban formula funds (section 5311) play a vital role in meeting mobility needs in Illinois' small cities and rural areas. IDOT urges the subcommittee to fully fund section 5311 at the SAFETEA-LU authorized level. With section 5311 funding increases already authorized in SAFETEA-LU, Illinois is in the process of expanding service into 24 counties not currently served.

Any decrease in Federal funding below the SAFETEA-LU authorized levels could jeopardize the much needed service expansion. In Illinois, such systems operate in 60 counties and 11 small cities, carrying approximately 2.9 million passengers annually.

RAIL

Amtrak Appropriation

IDOT supports Amtrak's grant request of \$1.671 billion in funding from general funds for fiscal year 2009 to cover capital, operating and debt service costs. In addition, IDOT supports Amtrak's supplemental request for \$114 million to cover 60 percent of the labor settlement amount (40 percent was funded within fiscal year 2008) determined by the Presidential Emergency Board.

Amtrak needs the full amount of their request to maintain existing nationwide operations. IDOT urges Congress to provide funds to continue current service until it develops a new national rail passenger policy and a clear plan for any changes to existing services as part of the congressional reauthorization of Amtrak. Chicago is a hub for Amtrak intercity service, and Amtrak operates 58 trains throughout Illinois as part of the Nation's passenger rail system, serving approximately 3.6 million passengers annually. Of the total, Illinois subsidizes 28 State-sponsored trains which provide service in four corridors from Chicago to Milwaukee, Quincy, St. Louis and Carbondale. Amtrak service in key travel corridors is an important com-

ponent of Illinois' multimodal transportation network and continued Federal capital and operating support is needed.

—*CREATE Railroad Grand Crossing Connection.*—IDOT requests \$10 million in fiscal year 2009 for design and construction of a railroad connection between the CN and Norfolk Southern Railroads at 75th Street in Chicago—also known as the Grand Crossing.

—*Passenger Rail-Freight Congestion Relief.*—IDOT requests \$1 million in fiscal year 2009 for engineering and capital improvements to relieve passenger and freight train congestion/delays on the three State-supported downstate corridors.

AVIATION

Airport Improvement Program Obligation Limitation

IDOT supports a fiscal year 2009 Airport Improvement Program (AIP) obligation limitation of \$3.9 billion, thereby continuing the 4-year VISION-100 pattern of increasing the obligation limitation each year by \$100 million. This level of funding is supported by the American Association of Airport Executives and the National Association of State Aviation Officials.

Adequate AIP funding remains especially important for Small, Non-Hub, Non-primary, General Aviation and Reliever airports. While most Large/Medium Hub airports have been able to raise substantial amounts of funding with Passenger Facility Charges, the smaller airports are very dependent on the Federal AIP program. Airports must continue to make infrastructure improvements to safely and efficiently serve existing air traffic and the rapidly growing passenger demand.

Despite challenges that include high fuel prices and concerns about the economy, U.S. commercial aviation is on track to carry one billion passengers by 2016, as predicted by the Federal Aviation Administration in a recently released forecast for the period 2008–2025. In addition, the most recent National Plan of Integrated Airport Systems (NPIAS) report identified \$41.2 billion in airport development needs over a 5-year period (2007–2011), an annual average of \$8.2 billion. Lower AIP obligation levels translate into less Federal funds for airport projects, thereby exacerbating the existing capital project funding shortfall.

—*Essential Air Service Program (EAS).*—IDOT supports an EAS program funded at a level that will enable the continuation of service at all current Illinois EAS points. Several Illinois airports, Decatur, Marion/Herrin and Quincy, currently receive annual EAS subsidies.

—*Small Community Air Service Program.*—IDOT supports funding for the Small Community Air Service Development Program in fiscal year 2009, at a level of no less than at the full authorized fiscal year 2008 level of \$35 million. Illinois airports have received funding from this program in the past.

Other IDOT Non-Modal Priorities

—*Resource Center for Disadvantaged Business/Minorities/Women.*—IDOT requests \$450,000 for an IDOT resource center for disadvantaged, minority and women owned businesses aimed at increasing participation on all IDOT projects as well as CREATE.

—*Height Modernization.*—IDOT requests \$3.5 million to establish a Height Modernization (HM) program in Illinois. This will be requested through the Appropriations Subcommittee on Science, State, Justice, Commerce and Related Agencies.

Finally, should Congress develop a second stimulus package IDOT would support the inclusion of an infrastructure component. IDOT has identified approximately 295 highway, transit, rail and aviation projects at a value of \$2.5 billion that would be ready-to-go in a short timeframe to not only stimulate the economy by creating good paying jobs, but provide long-term improvements to our transportation infrastructure.

This concludes my testimony. I understand the difficulty you face trying to provide needed increases in transportation funding. However, an adequate and well-maintained transportation system is critical to the Nation's economic prosperity and future growth. Your ongoing recognition of that fact and your support for the Nation's transportation needs are much appreciated. Again, thank you for the opportunity to discuss Illinois' Federal transportation funding concerns.